

FBIS**DAILY REPORT**
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Vol VI No 145

29 July 1985

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ALFONSIN LEAVES FOR PERU, PICKS UP SANGUINETTI

PY271619 Buenos Aires TELAM in Spanish 1435 GMT 27 Jul 85

[Text] Buenos Aires, 27 Jul (TELAM) -- President Raul Alfonsin departed for Peru this morning at 1127 from the EL Palomar Air Force base. He is going to Peru to participate in the inaugural ceremonies of President-elect Alan Garcia. The presidential plane will make a stopover at the Montevideo airport, where Uruguayan President Julio Maria Sanguinetti will join Alfonsin's entourage. The plane will then depart for the Peruvian capital, where it will arrive at 1500. Alfonsin's entourage includes Foreign Minister Dante Caputo, Defense Minister Roque Carranza, National Atomic Energy Commission President Alberto Constantini, Latin American Affairs under Secretary Raul Alconada Sempe, and presidential spokesman Jose Ignacio Lopez, among other officials.

Plane Makes Emergency Landing

PY271812 Buenos Aires DYN in Spanish 1758 GMT 27 Jul 85

[Text] Rosario, 27 Jul (DYB) -- The Argentine presidential plane carrying Raul Alfonsin and Uruguayan President Julio Sanguinetti, which was en route to Lima, had to make an emergency landing at the Fisherton Airport on the outskirts of Rosario after a telephone call was received about a alleged bomb on board. The airport was closed to all traffic and the airplane was surrounded by military and police vehicles.

Communique on Landing

PY271833 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1818 GMT 27 Jul 85

[Text] Buenos Aires, 27 Jul (NA) -- The Government Palace has just released the following communique:

As a result of an anonymous call received by the control tower of the Carrasco International Airport in Montevideo, the airplane carrying Argentine and Uruguayan Presidents Raul Alfonsin and Julio Maria Sanguinetti, respectively, to Lima is now at Rosario International Airport. The call alluded to the existence of a bomb in the luggage of the Uruguayan entourage. The luggage is now being thoroughly checked by the police bomb squad. The airplane, which had Lima as its final destination has been parked in Rosario since 1415 local time.

Plane Departs for Lima

PY271915 Buenos Aires TELAM in Spanish 1905 GMT 27 Jul 85

[Text] Rosario, 27 Jul (TELAM) -- The plane carrying Presidents Raul Alfonsin and Julio Maria Sanguinetti to Lima departed Rosario Airport at 1545. The plane took off after a very careful inspection had been made in view of the threat that there was an explosive device on board.

Presidents Arrive in Lima

PY272305 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2259 GMT 27 Jul 85

[Text] Buenos Aires, 27 Jul (NA) -- The Government Palace has just announced that the airplane carrying Presidents Raul Alfonsin and Julio Maria Sanguinetti landed at 1940 at the Lima International Airport in Peru. The flight from Rosario and the landing in Peruvian capital was made without any problems.

DEFENSE CHIEF TOURS GARRISONS TO CHECK COUP RUMORS

PY270116 Madrid EFE in Spanish 2151 GMT 26 Jul 85

[By Amanda Davila]

[Excerpt] La Paz, 26 Jul (EFE) -- Ten days before the government changeover, the fear of a coup has gained ground throughout the country and forced Defense Minister General Elia Gutierrez to begin an inspection tour of the most important garrisons today.

In the next few hours, Gen Gutierrez will travel to Cochabamba and Santa Cruz to confirm the veracity of a charge leveled by the state intelligence department about the existence of conspiracies in the cities of Cochabamba and Santa Cruz, sources close to the Armed forces told EFE today. The intelligence department has reported that subversive movements appeared within the Armed Forces after the government announced early this week that it would hand over power to an interim government.

The need to postpone the presidential election, which the government itself has recognized, has given some Armed Forces sectors the idea that the crisis cannot be solved by a political settlement. Later, the Armed Forces reported that a false Armed Forces document was circulating, in which the High Command was criticized for having compromised with the government and for its alleged plans to perpetuate itself in power.

The High Command has also reported that there is an alleged political polarization within the Armed Forces. While young officers reportedly support General Hugo Banzer Suarez, the ADN -- Nationalist Democratic Action -- candidate, the commanders reportedly support Paz Estenssoro, of the Nationalist Revolutionary Movement (MNR).

HIGH COMMAND COMMUNIQUE COUNTERS MISINFORMATION

PY280031 La Paz Cadena Panamericana in Spanish 1130 GMT 27 Jul 85

[Text] In a communique released during the last few hours, the High Military Command expressed concern regarding some reports that did not originate from military sources and at the same time requested the cooperation of the media in seeing that the electoral process is completed successfully. The military communique that was handed to Panamericana is signed by Generals Simon Sejas Tordoya, Walter Antesana, Raul Lopez Leyton, Oscar Villa Uruosti and by Rear Admiral Jose Ona Costa. The text of the communique states:

With deep concern, the Military High Command is observing the dissemination of reports on the activities of the Armed Forces that do not faithfully reflect said activities. These reports are not citing the appropriate sources. The Armed Forces have their appropriate department for the dissemination of information pertaining to their activities. With the objective of preventing wrong interpretations by the country's various sectors, the Armed Forces wish to clarify the following:

A. The population knows very well the position that has been adopted by the Armed Forces since the country returned to democracy and also the position that they have adopted regarding the electoral process, which was made public through the military communique that was released on 11 July 1985 and disseminated by the media.

B. The president and Captain General of the Armed Forces, in accordance with the powers granted by the Constitution and the Armed Forces Law, names and replaces the members of the High Military Command.

C. Regrettably, an article has been published in the newspaper PRESENCIA on 25 July 1985. The authors of the article, whose names do not appear on the rosters of the Army, Air Force, or Navy, have adopted an attitude that is completely contrary and adverse to what is contained in points A and B of this communique. Therefore, it is apocryphal and lacking in truth, in addition to not reflecting the professional spirit, dignity, and military honor, that characterizes the Armed Forces.

D. Consequently, any information that is not released by the public relations departments of the services will not be official. The Armed Forces want the public to receive truthful information on their activities and therefore they request the cooperation of the television channels, radio stations and newspapers to contribute to a successful conclusion of the electoral process within a framework of peace, understanding, and normalcy for the good of the fatherland and all Bolivians.

M-19, SHINING PATH MEET WITH 'EXTREME' LEFTISTS

PY270059 La Paz Cadena Panamericana in Spanish 1130 GMT 27 Jul 85

[Text] EFE reports from within the country that Latin American guerrilla groups have proposed that subversive actions be carried out in Bolivia because the economic and political conditions are appropriate at this time in this country. This was reported today to that very reliable source.

The M-19 of Colombia and Shining Path of Peru, among other Latin American guerrilla groups, have met with extreme leftist Bolivian leaders to organize a subversive movement in Bolivia. To this end they held two meetings. The first one was held in Cobija, Pando Department, on the border with Brazil, during January 1985, and the second meeting was held in La Paz in May 1985.

The Bolivian political leaders disagreed with the guerrilla chiefs over giving the leadership of this country's subversive movement an international structure. According to the source, Juan Lechin Oquendo, the executive secretary of the Bolivian Labor Confederation, COB, opposed the internationalization of the leadership. It is Lechin's opinion that the people must obtain power through the use of weapons, because elections are a bourgeois alternative. Moreover, the struggle of the Bolivian people must be headed by their own leaders, he added.

The nation's Armed Forces have stopped guerrilla groups from emerging in the country, although it has been reported that during the current democratic process, there have been extreme leftist groups that have tried to create a social upheaval with the intention of doing away with the freedom that was recovered in 1982.

A group of seven young persons was captured by the Army in 1983. They were found in possession of weapons and they have not yet been released, despite the fact that President Siles Zuazo has signed an amnesty decree. The group, which is known as the Luribay Group because they were captured in that region, has been accused by the Armed Forces of being linked to guerrilla movements.

Conservative members of the Armed Forces and conservative politicians have accused the Siles Zuazo government of promoting these groups by giving them everything they need for their activities, but this report was denied by official sources.

The magazine VEJA of Sao Paulo, Brazil, accused Lechin of smuggling weapons, which was denied by the labor leader in an interview with EFE. Lechin said that accusation was meant to discredit him at the international level. During meetings between labor and political leaders, it was agreed that guerrilla movements have come to nothing in Bolivia after the experiment carried out by Che Guevara in 1967. Guevara was killed by members of the Army.

An M-19 flag was hung on the statue of Simon Bolivar in La Paz on 24 July 1985, which is the anniversary of Bolivar's birth. This incident, which took place at noon, took the population by surprise and nobody knows how the flag could have been hung there.

ROC REPORTEDLY BREAKS DIPLOMATIC RELATIONS

PY261401 La Paz Cadena Panamericana in Spanish 1130 GMT 26 Jul 85

[Text] There is now a report that Nationalist China has broken diplomatic relations with Bolivia. A report attributed to MIN SHENG PAO says: The Republic of China has decided to break diplomatic relations with Bolivia because that country has established diplomatic relations with Communist China. The Government of Taiwan has strongly protested the Bolivian Government decision and decided to close its embassy in La Paz and its consulate in Santa Cruz and to order the return of its agricultural experts working in Bolivia as part of a cooperation agreement.

FRG COOPERATION MINISTER WARNKE CONTINUES VISIT

Explains Objective

PY261430 Rio de Janeiro O GLOBO in Portuguese 25 Jul 85 p 26

[Text] Brasilia -- "Speaking in international terms, the speech delivered by President Jose Sarney on 22 July has strengthened confidence in the policy and in the future of Brazil, thus creating a climate favorable for new foreign investments in the country." This statement was made yesterday by Juergen Warnke, FRG minister for economic cooperation.

Warnke termed as positive the government decision to create, "through additional cuts and control of public expenditures, conditions conducive to the agreement with the IMF and private banks."

Juergen Warnke stated that the objective of his visit to Brazil -- during which he has held meetings with President Sarney, ministers of the economic area, and with the foreign minister -- was to express the solidarity of the FRG Government with the Brazilian democratic process, and to hold talks on expanding bilateral cooperation.

Urges 'Protective' Policy End

LD270909 Hamburg DPA in German 2239 GMT 26 Jul 85

[Excerpts] Sao Paulo, 26 Jul (DPA) -- Federal Minister for Economic Cooperation Juergen Warnke has called on Brazil to change its protective policy on the information technology industry. At the end of his 4-day visit to Brazil today, Warnke described the protective measures to the press in Sao Paulo as a mistaken legislative decision. He hoped Brazil would amend it. The law on information technology forbids foreign firms from producing microelectronics products in Brazil.

Warnke said the law on information technology hampered new German investment in Brazil. In order to bring foreign investment to Brazil the country should also make it clear that it intends to pay its debts. Warnke suggested to the Brazilians that not just one, but two, nuclear power stations should be set up in cooperation with German industry. Until now it was only certain that the Brazilian Government would complete one German nuclear power station (Angra Two). The German-Brazilian nuclear treaty concluded in 1975 originally planned for the construction of eight German nuclear power stations. Due to its economic and financial crisis however, Brazil has no more money to carry out these plans. Warnke flew from Sao Paulo to Peru for a several-day visit.

SARNEY TO ASSUME PERSONAL CONTROL OF DEBT TALKS

PY261300 Sao Paulo Radio Bandeirantes Network in Portuguese 0230 GMT 26 Jul 85

[Text] Tomorrow's papers will report that President Jose Sarney has decided to assume personal control of the negotiations over the Brazilian foreign debt. However, the Planalto Palace has stated that despite this decision, Sarney is not interested in creating hegemonic (?coalitions) in Latin America. According to presidential spokesman Fernando Cesar Mesquita, the president will reject any proposal to hold Third World debt renegotiations as part of a bloc. Mesquita added that the Brazilian position on the debt issue is stated in the Cartagena Agreement, according to which there can be multilateral discussion but negotiations must be bilateral.

SARNEY NOT TO 'INTERFERE' WITH MUNICIPAL VOTE

PY271436 Porto Alegre Radio Guaiba in Portuguese 0200 GMT 27 Jul 85

[Text] Presidential Press Secretary Fernando Cesar Mesquita said today that President Jose Sarney will not interfere with municipal elections and that he will not campaign for Democratic Alliance [AD] candidates.

Mesquita made this announcement in the wake of a visit that (Arturo da Tavola) and (Jorge Leite) of the Rio de Janeiro PMDB [Brazilian Democratic Mobilization Party] branch, and (Rubem Medina) of the Rio de Janeiro [words indistinct] branch paid to Planalto Palace. The visitors will run for mayor in the upcoming municipal elections.

Deputy Pimenta da Veiga, the PMDB leader in the Chamber of Deputies, has suggested that the president participate in the electoral campaign in order to increase Sarney's popularity. The Liberal Front does not agree. It feels that the president should only participate in those cities in which the two parties have formed a coalition and have thus bolstered the Democratic Alliance.

However, the president is concerned about the unity of AD state branches. He has met the mayoral candidates in cities where an AD vote looks difficult.

FOREIGN MINISTRY DECLARATION CONDEMNS APARTHEID

PY272233 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jul 85 p 4

[Text] In a declaration issued by Itamaraty [Foreign Ministry] yesterday, Brazil joined the international community's protest against the emergency measures adopted by the South African Government against the black majority of that country.

Herewith is text of the declaration: "Brazil repudiates the increasing violation of human rights in South Africa, which is reflected by the overall reaction of the black majority in the face of the unjust apartheid policy. Brazil condemns the Pretoria Government's emergency measures, which seek to prevent the black population of the South African society from exercising its rights and which will only contribute to worsening the deplorable situation."

Itamaraty sources noted that Brazil maintains its unwavering stance of condemning the apartheid policy, so much so that it does not have an ambassador in South Africa. The current Brazilian representation in that country is headed by a second secretary, in other words, an intermediate-level diplomat.

PRIEST KILLED AFTER TALKING TO SQUATTERS

PY261840 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 26 Jul 85

[Text] The land conflicts are getting worse. Priests are being killed. Father Daniel Ezequiel (Rami), who lived in Rondonia for 1 and 1/2 years, was killed in an ambush in (Juiz) district, Parana, after holding a meeting with squatters. Six or eight thugs who were in the neighborhood waited until the squatters moved away and then shot Father (Rami).

PINOCHET FACES CABINET CRISIS, 2 MINISTERS RESIGN

PY271656 Paris AFP in Spanish 1648 GMT 27 Jul 85

[Text] Santiago, 27 Jul (AFP) -- The Interior Ministry officially reported today that Chilean President Augusto Pinochet is facing a sudden cabinet crisis after the resignation of two ministers. The ministers who resigned are Economy Minister Modesto Collados and Education Minister Horacio Aranguiz.

AGREEMENT REACHED ON EASTER ISLAND AIRPORT

PY261932 Santiago Radio Chilena in Spanish 1700 GMT 26 Jul 85

[Report by Jose Francisco Contreras from the Foreign Ministry -- live]

[Text] Foreign Minister Jaime del Valle reported a few minutes ago that the Chilean and U.S. delegations have reached complete agreement over the Easter Island project. The minister indicated that Chile received answers from the U.S. Government to two questions raised by Chile, and the answers were favorable to Chile's desires. Therefore, complete agreement was reached by the two governments on the extension of the Mataverí Airport for use by the space shuttle in emergency situations.

The project will now be translated into English. Next week it will be given to the president for his study and final approval. It should be recalled that the Foreign Ministry will recommend to the president that he approve the project to extend the airfield. The foreign minister said all the points proposed by Chile were accepted by the U.S. Government, and the terms of several of the U.S. proposals were changed to especially ensure U.S. responsibility for Easter Island's ecology.

FOREIGN MINISTER, DELEGATION LEAVE FOR LIMA

PY271501 Santiago Domestic Service in Spanish 1100 GMT 27 Jul 85

[Text] Foreign Minister Del Valle has left for Peru to attend the presidential power transfer ceremonies in that country. Alan Garcia will be inaugurated as Peruvian president on Sunday, 28 July, and Foreign Minister Del Valle will be received by the Peruvian president for important talks. The Chilean delegation is headed by Minister Ovalle and Foreign Minister Secretary (Frank Sinclair). The delegation will be joined in Lima by Juan Jose Fernandez, Chilean ambassador to Peru.

On 28 July, in the evening, Foreign Minister Del Valle will hold a meeting with the new Peruvian President Alan Garcia to discuss several subjects, such as the 1929 treaty, Latin American integration, and the Andean Pact. The foreign minister has stated that all these subjects will be dealt with in a general way, because the reason for his visit is to express congratulations to the new Peruvian president. During his meeting with Alan Garcia, Del Valle will hand him a message from President Pinochet, expressing the best wishes of the Chilean Government for Garcia's administration.

Del Valle will also hold meetings with the Latin American foreign ministers who have been invited to the inauguration ceremonies to be held on 28 July. The Chilean delegation is scheduled to return home on 30 July in the evening.

GOVERNMENT INVESTIGATES FOREIGN PAYMENTS TO ELN

PA281915 Bogota EL SIGLO in Spanish 24 Jul 85 pp 1, 8

[By Eduardo Carrillo]

[Text] The government of President Belisario Betancur decided yesterday to postpone any additional measures in the case of the Mannesman oil company, after it was announced that Bernd Schwarzer, its legal representative, was requested to leave the country. It was also affirmed that foreign companies are being afforded all the necessary guarantees to carry out their work in Colombia.

Meanwhile, the security organizations revealed that three foreign companies paid \$1.2 million (180 million pesos) to the Castroite guerrilla group "Army of National Liberation" (ELN) to "buy protection." This million dollar payment was made by the West German Mannesman company, the Italian Sisim company, and the U.S. Occidental Petroleum Company which are building a pipeline in the Arauca national intendency where they are exploiting hydrocarbon deposits.

The document revealed by the RCN National Radio Network confirms the charges made by the commander of the Army Fourth Division, General Jaime Hernandez Lopez, with headquarters at Villavicencio, and the president of the Colombian Farmers Society, Carlos Ossa Escobar, who said that such action is unacceptable. Ossa Escobar added that Gen Hernandez Lopez is sure he will be able to prove the cash payments of the above-mentioned companies to the ELN, through documents and investigations reports he holds.

Mannesman Company is building a pipeline called "Cano Limon-Rio Zulia" which will transport oil extracted by the Occidental firm from wells discovered recently in the Arauca national intendency.

Highly reliable sources revealed that a delegate of the Italian firm Sisim, Engineer Angelo Burla, negotiated in the name of the three firms with the Castroite ELN in the Arauca intendency. The negotiations, according to official reports, were carried out in a sector between Gibraltar and San Bernardo, on the boundaries of the departments of Boyaca, Norte de Santander, and the Arauca national intendency.

The ELN was represented in the talks by guerrillas Calixto Velandia, Milton Gamboa, Carlos Jauregui, Oscar Castellanos, and Hugo Evaristo Rangel, all of whom arrived at the meeting point in a white Suzuki camper, with license plate number IT-5661.

The foreign firms and the leftist guerrillas reached an agreement on the purchase of protection, and the end of sabotage and kidnappings, for the amount of \$250,000 a month. The first payment was made on 1 February of this year and, according to the statistics, the companies have paid the sum of \$1.2 million, some 180 million pesos, to that rebel group.

The government of President Belisario Betancur is not aware of how much money the directors of the oil companies may have paid the ELN guerrilla organization in the Arauca national intendency. Minister of Mines and Energy Ivan Duque Escobar said the government is studying the situation carefully; that an additional measure in the case of the Mannesman firm will be revealed in due time.

At the end of the regular ministers council meeting in the Narino Palace, several of its members confirmed that President Belisario Betancur has been fully informed of the situation; and that the investigations had been expanded to adopt added measures, as the circumstances may demand.

On the other hand, the director of Dainco, [not further identified] Hector Moreno Reyes, said that "there was a proper handling of Mannesman company with the leftist guerrilla," that because of it, the government through its National Security Council had decided to analyze the confused situation. [sentence as published] He noted that there was no delay on the part of the government to adopt the announced measures; that they were in fact collecting evidence and information to pass it on to the proper authorities in the case. He indicated that the foreign companies Mannesman, Sisim, and Occidental, have full guarantees from the government of President Belisario Betancur to carry out their work; in fact, the police force was increased in the Arauca national intendency.

The Colombian Petroleum Enterprise (Ecopetrol) yesterday affirmed having requested the change of the Mannesman manager in Colombia, Bernd Schwarzer, for legal and administrative reasons. This was said by Ecopetrol President Alfredo Carvajal Sinisterra, explaining that the legal motives consisted in that, "according to the signed contract between Ecopetrol and the U.S. Occidental Petroleum Company, Colombia reserves the right to ask for the removal of company officials."

As for the administrative aspects, Carvajal Sinisterra explained that Ecopetrol asked for the change of the Mannesman manager in Colombia, Bernd Schwarzer, in the light of the contract, because he had been involved in too many conflicts with the Arauca intendency authorities. Carvajal Sinisterra did not specify what kind of conflicts, but he said that he has had them with the civilian and military authorities. The president of Ecopetrol also confirmed that contacts had been made with Occidental in New York, and Mannesman in Germany, for the dismissal of Bernd Schwarzer, "and we are awaiting their replies."

GUERRILLA VIOLENCE LEAVES 19 DEAD, 15 WOUNDED

PA261746 Bogota Emisoras Caracol Network in Spanish 1215 GMT 26 Jul 85

[Text] Bogota -- Nineteen dead, 15 wounded, and approximately 30 guerrillas arrested is the initial toll of escalating extremist actions in the past 40 hours in various parts of the country.

On Wednesday night, members of the Ricardo Franco Front, a dissident group of the FARC [Revolutionary Armed Forces of Colombia], attacked several police posts in Cali, Medellin, and Bogota. Five subversives were killed. Yesterday, two policemen of Naranjal and Primavera, in Bolivar municipality in northern Valle del Cauca Department, were killed by another guerrilla column, apparently of the M-19 [19 April Movement].

Meanwhile, in La Hormiga, in (Orito) municipality in Putumayo intendance, three insurgents were killed when they attacked the local police post and the Agrarian Bank. Four policemen were wounded in the attack. The victims of the extremist actions include Juan de Dios Vargas Munoz, the mayor of Genova; Quindio, who was wounded in a terrorist attack; and agronomist Ruben Molano Guzman, who was killed in (?Bogota) when guerrillas, who had just minutes earlier attacked the Altamira police post, were being pursued. The agronomist was wounded by grenade shards and died in La Hortua hospital.

FOREIGN MINISTER TO ATTEND GARCIA'S INAUGURATION

PA272309 Quito Voz de los Andes in Spanish 1230 GMT 27 Jul 85

[Text] Ecuadoran Foreign Minister Edgar Teran Teran will travel to Lima today at the head of a delegation to attend the presidential inauguration. Teran will be accompanied by Diego Paredes, political under secretary of the Foreign Ministry, and will be joined by Jose Ayala Lasso, Ecuadoran ambassador to Lima. The foreign minister expects to return to Ecuador Monday afternoon or early Tuesday to hold a luncheon in honor of Uruguayan President Julio Maria Sanguinetti [words indistinct].

DELEGATION TO ATTEND FOREIGN DEBT MEETING IN CUBA

PA281910 Quito Voz de los Andes in Spanish 1230 GMT 28 Jul 85

[Text] An Ecuadoran delegation -- the largest since the victory of Fidel Castro's revolution -- is leaving today for Cuba. Many Ecuadoran personalities of the most diverse ideological tendencies have been invited, and have accepted, to participate in a forum on Latin America's foreign debt. They include government officials, opposition politicians, artists, businessmen, and newsmen.

It has been learned that those leaving for Cuba are Rodrigo Borja Cevallos, Jaime Aspiazu Seminario, Rene Mauge, Jaime Hurtado Gonzalez, Alvaro Perez (Intriago), Richelieu Levoyer, Leonidas Plaza Verduga, (Eduardo Carmillani), (Nain Isaias), Rene Bucaram, Jose Moncada, (Carlos Julio Emanuel), Alberto Dahik, Gonzalo Ortiz Crespo, Juan Cueva, (Cesar Verduga), Pedro Jose Vera, Oswaldo Guayasamin, Francisco Febres Cordero, Carlos Rodriguez, Arturo Gangotena, Eduardo Zurita, (Gustavo D'Arquia), and (Andres Vallejos).

This is the list of persons leaving for Cuba to attend the conference to discuss the problem of the foreign debt of Latin America and the Caribbean within the context of the international economic crisis, the new international economic order, and its urgency.

M-19, ALFARO LIVES MEMBERS HELD IN CARCHI

PA260404 Quito Radio Quito in Spanish 2300 GMT 25 Jul 85

[Text] It was unofficially reported that three Colombians, alleged members of the M-19 [19 April Movement], and one Ecuadorean of the subversive group Alfaro Lives have been detained in Carchi Province and taken to an unspecified place for the proper investigation. The four were detained on Thursday while trying to cross the northern border. They carried firearms and approximately 15,000 rounds of ammunition for carbines. It was also rumored that the men are members of the group that attacked a national police patrol in Machala. Neither the exact location where the three Colombians and the Ecuadorean were taken nor their identities were disclosed.

OFFICIALS, DELEGATION ARRIVE FOR INAUGURATION

USSR's Ashimov

PY262228 Paris AFP in Spanish 1738 GMT 26 Jul 85

[Text] Lima, 26 Jul (AFP) -- Deputy Chairman of the Supreme Soviet Bayken Ashimov said in Lima today that it is necessary to take urgent measures to prevent a new world war, which would be catastrophic for mankind. After remarking that it is also necessary to prevent the arms race from reaching outer space, he called for reflection on this serious danger.

Ashimov arrived today to attend President-elect Alan Garcia Perez' inauguration. He was received at Jorge Chavez International Airport by his Peruvian counterpart Fernando Schwalb Lopez Aldana, Foreign Ministry officials, and Soviet Ambassador to Peru Anatoliy Filatov. The visitor said World War II taught mankind that it is imperative to maintain peace. Under the current circumstances, peace is priceless because a war could destroy mankind.

After stressing the Soviet Government's willingness to cooperate with all peace-loving governments to eliminate the danger of war forever, Ashimov said his country and Peru are joined by increasingly close ties that have developed on the basis of mutual respect and nonintervention in one another's domestic affairs.

FRG's Warnke

LD270912 Hamburg DPA in German 0718 GMT 27 Jul 85

[Excerpt] Lima, 27 JUL (DPA) -- Federal Minister for Economic Cooperation Juergen Warnke arrived in Lima early today on a 5-day visit to Peru. Warnke will represent the federal government at the inauguration of the new social democratic president, Alan Garcia, on Sunday.

Warnke, who had earlier visited Brazil, said on his arrival in Lima that in his talks with Garcia and the members of the new government he would be addressing the question of "Peru's future economic policy and its intentions to solve the debt problem."

Venezuela's Lepage

PY271346 Paris AFP in Spanish 0727 GMT 27 Jul 85

[Text] Lima, 26 Jul (AFP) -- Venezuelan Foreign Minister Octavio Lepage [title as received] arrived tonight, heading his country's official delegation to the official Peruvian power transfer ceremonies scheduled for Sunday. In brief statements at the Lima airport he said: I carry a message from the Venezuelan president (Jaime Lusinchi) to the Peruvian Government and people.

On Sunday, Lepage will attend President-elect Alan Garcia's inauguration. On Monday, 29 July, he will participate in a meeting of foreign ministers from the Andean Pact countries (Bolivia, Colombia, Ecuador, Peru, and Venezuela), where a joint declaration to invigorate integration and propose unity in the face of the oppressive foreign debt problem will be signed, according to what has been revealed by diplomatic sources.

Colombia's Betancur

PY271820 Paris AFP in Spanish 1713 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- Colombian President Belisario Betancur has arrived in Lima to attend the transfer of power ceremonies for Peruvian President Alan Garcia, and to discuss the pressing foreign debt problem with his counterparts who will also be attending those ceremonies.

Under strict security measures, the presidential plane carrying the Colombian president landed at 1105 at No 8 military base, about 12 km from downtown Lima, where he was received by outgoing President Fernando Belaunde, the diplomatic corps, and high-ranking government officials. The protocol ceremony was shortened to about 15 minutes because of the constant arrival of statesmen in Lima, and newsmen were not permitted to approach the visiting president nor did he make any statement. After the two presidents warmly embraced and briefly greeted one another, the Colombian and Peruvian national anthems were heard and the formal 21-gun salute was fired. After reviewing the military honor guard and greeting the diplomatic corps, as well as Prime Minister and Foreign Minister Luis Percovich, First Peruvian Vice President Fernando Schwalb Lopez Aldana, and other personalities, Betancur took a car to a downtown Lima hotel.

Betancur is the first of six heads of state to arrive in Lima. His car was preceded and followed by a motorcade with security personnel, and also closely followed by a helicopter gunship.

Panamanian President

PY280019 Paris AFP in Spanish 1853 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- Panamanian President Nicolas Ardito Barletta wished Peruvian democracy success upon arriving today in Lima at 1815 GMT to attend the presidential inauguration of President-elect Alan Garcia on 28 July.

Ardito was welcomed amid extraordinary security measures by outgoing President Fernando Belaunde Terry at the Air Force base adjacent to Lima's Jorge Chavez International Airport. He is the third president to arrive in Lima. Belisario Betancur of Colombia and Salvador Jorge Blanco of the Dominican Republic had arrived earlier. An honor guard welcomed the Panamanian president, who arrived in a Panamanian Air Force plane. Upon greeting Belaunde, Ardito said that he wished Peruvian democracy success.

Brazilian Vice President

PY272116 Paris AFP in Spanish 2003 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- Ulysses Guimaraes, Brazilian vice president and president of the Chamber of Deputies, today arrived in Lima at 1445 GMT heading his country's official delegation to the presidential inauguration of President-elect Alan Garcia. Guimaraes was welcomed with full honors by Fernando Schwalb Aldana, the first vice president of the outgoing Peruvian Government, and other officials. The Brazilian military airplane carrying Guimaraes landed at the military base adjacent to the Jorge Chavez International Airport in Lima.

The official ceremony in which outgoing President Fernando Belaunde will transfer the government coincides with the 164th anniversary of national independence.

Nicaragua's Ramirez

PY272126 Paris AFP in Spanish 2030 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- Nicaraguan Vice President Sergio Ramirez Mercado this evening arrived in Lima to attend the presidential inauguration of President-elect Alan Garcia on 28 July. The airplane of the official Nicaraguan delegation landed at 2015 GMT in the military sector of the Lima airport, where unprecedented security measures are being implemented to welcome the presidents and foreign delegations arriving today. Ramirez said that he is representing Nicaraguan President Daniel Ortega at the presidential inauguration. First Vice President Fernando Schwalb Lopez Aldana, representing the Peruvian Government, officially welcomed the Nicaraguan vice president.

Yugoslav Josip Vrhovec

PY272258 Paris AFP in Spanish 2150 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- Josip Vrhovec, member of the Yugoslav State Presidency, arrived at 2047 GMT in Lima to attend the Peruvian presidential inauguration. Vrhovec was welcomed with full honors at the Lima airport military base by First Vice President Fernando Schwalb Lopez Aldana.

The Yugoslav representative arrived in a small private airplane and, amid strict security measures, was transferred in an official vehicle to a downtown hotel.

Vrhovec is another member of the foreign delegations attending the presidential inauguration of social democrat Alan Garcia on 28 July.

Bolivian President

PY272347 Paris AFP in Spanish 2326 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- Bolivian President Hernan Siles Zuazo arrived at 2315 GMT at the Lima military base after changing airplanes as a result of technical problems in the presidential plane. Siles will attend the presidential inauguration of Peruvian President-elect Alan Garcia. Siles Zuazo and his delegation arrived in a small Lear jet and were welcomed with full honors by outgoing President Fernando Belaunde Terry. The Bolivian president is the last president to arrive in Lima to attend the presidential inauguration on 28 July. The Bolivian presidential airplane suffered technical problems this afternoon and had to return to La Paz, where Siles changed airplanes, thus delaying his arrival in Lima.

PRESIDENT GARCIA DELIVERS INAUGURAL ADDRESS

PY281944 Lima Domestic Service in Spanish 1738 GMT 28 Jul 85

[Inaugural address by President Alan Garcia Perez from the Peruvian Congress in Lima -- live]

[Text] Mr President of the National Congress, Your Excellencies heads of state, friends from all nations, Peruvian people: I welcome the presence of the heads of other states and of foreign delegations and share the national expectations at this time when our democracy is being consolidated and when, for the first time in 60 years of struggle, a representative of the American Popular Revolutionary Alliance [APRA] is able to assume the high office of head of state.

At the beginning of my speech, I want to reaffirm before the nation that although I was elected by a 50-percent absolute majority vote of the Peruvian people, I have assumed a commitment to all Peruvian citizens. I have already made a commitment to the people to build a nationalist, democratic, popular government that will be able to find solutions to this historic crisis and to the current situation and, at the same time, will lay down the foundations of a free, independent society that will ban injustice, exploitation, and misery.

Thus, I swear before the same God worshipped by our forefathers, and keeping in mind the hopes of our people and the future, that I will honor this commitment without hesitation and without disappointing the Peruvian people. I will do this with the entire nation despite the harsh realities prevailing today, as we assume the presidency.

The task ahead could not be more dramatic or more difficult. Yet the challenge could not be more significant or more worthwhile. Because history is built on crisis and pain, we now want to repeat to our brothers from other nations and to the Peruvian nation that we are confident that we will make a historic achievement despite the problems we are facing today.

Gentlemen, we must first discuss the current national situation, then outline the historical reasons for inequality, explain the type of government we want, and conclude by describing the specific answers we will give to issues such as foreign debt, inflation, the paralysis of production, subversion, morality, and the restoration of the principle of authority.

Under what conditions are we receiving the government today? In the face of the international crisis that is affecting the most developed nations, these nations have reserved for themselves their high technology and have closed their borders to our products. They have thus defended themselves through a protectionist policy and through a strict collection of their loans. In recent years, the debt stemming from the imbalance between our raw materials and their manufactured products has mortgaged our future. Thus, we must add to our traditional poverty the cost of having to pay for the world crisis by closing our factories and by forcing majority sectors to reduce consumption.

Yet the effects of this crisis, as well as the unjust and distorted structure of our society, have been aggravated by the enforcement of mistaken, if not biased, policies that have caused economic and social problems of which the people are aware because they are suffering the consequences. Inflation, or price increases -- which in recent years successively totaled 73, 74, 125, and 110 percent -- has been steadily increasing and by mid-1985 has already taken an upward turn toward 200 percent, that is, hyperinflation. Unemployment, a problem stemming from centralism, has increased to the point that only 35 percent of Peruvians have steady jobs with a minimum monthly salary in the intolerable amount of \$28 per person.

This loss of purchasing power of the Peruvian sol, whose name has even disappeared, is the sign of an economy that has become increasingly less productive, more centralist, and increasingly unjust. With an abandoned agricultural sector and paralyzed factories, the Peruvian economy has been set back 20 years in its production level. Moreover, greater problems are expected for the next few months in the agricultural harvest due mainly to the lack of credits for the supply of frozen and canned fish and to the problems in the commercial and labor sectors that we have experienced. These problems are the result of a long history of injustices and I warn the country that their effects will still be strongly felt for some time. But we must bear in mind that it is later then we think, that the crisis is more serious than we think, and this compels us all to take the daring path of revolution to seek independence, development, and social justice. [applause]

Because in addition to the economic symptoms, we have corruption, which is the scourge of consciences and institutions, and in many cases, the arrogant use and abuse of power at all levels. Some become skeptical and wonder what purpose this democracy serves. Others become impatient and resort to subversion as a mistaken and dogmatic answer but always with the idea that might makes right, as if force were the mainstay of justice and as if authentic democracy could be imposed by a minority that claims to play a role in history and usurp democracy from majority sectors.

In view of this situation, some only see debris and ruin, some flee from the sweat and work of our country, others wait in fear. But I must regard the vote cast on 14 April as a vote of hope, as an affirmative mandate, and as the sign of faith of a country that has lost almost everything expect its hope for the future. A country that, despite poor governments, does not surrender to misfortune. [applause]

Therefore, Messrs heads of state and representatives, you may rightly wonder why and for what the people of Peru have voted. In the first place, they have cast their vote to assert democracy as a means of a peaceful coexistence, as the mainstay of basic rights to voice an opinion, and to exercise the freedom of opinion and assembly. They have voted to assert that only the people can elect their leaders and sanction their mistakes. When I talk about democracy, as a right to elect, I would like to pay my most sincere homage to Domingo Garcia Rada. As president of the National Electoral Court, Garcia Rada made clean elections possible in the country. As a victim of a criminal attack, he has become a living symbol of representative democracy. [applause]

At this point I would like to comment on my predecessor. Although he and I have totally different ideological positions and methods of action, all Peruvians, including all APRA members, would recognize the exemplary respect he has shown for representative democracy. He, a longtime APRA adversary, has complied with his civic duty of handing power, in this case, to an APRA member. He has thus paved the way for a more profound concept of democracy, for social democracy. [applause]

Our neglected people have also voted to extend democracy to the economic and social sectors, to do away with the difference existing among groups and persons as a result of unfair distribution of wealth, and to start building an egalitarian society. They voted for a system under which democracy will not benefit only those having income and privileges but also those who thus far have been the have-nots. We must understand that democracy cannot coexist with misery and that in the name of democracy, a city -- Lima -- or a region -- the coast -- should not prevail over our traditional, silent majorities.

Second, gentlemen, the people voted in favor of strengthening the historical independence of our nation. For having followed foreign interest, we have become an economic satellite of other countries. And since our social structure is based on the economy, we have suffered historic distortions. The people have voted for economic independence, free from every form of imperialism, and now at last, they have an independent government that will seek to materialize a great unfulfilled promise in Peru. [applause]

Third, the people voted for justice. Peasant communities, poor districts, the working class, and the middle class have voted for an effort to uproot misery. Peru has not been condemned to endure misery. I believe misery has been imposed on us both from abroad and from Lima. As a result of distortions that have taken place over many decades we are now facing a situation in which our meager wealth is in the hands of a few while the large majority is languishing in misery.

It will be a mandate of my government to effect a better distribution of our meager wealth, and to make it truly productive. I want to ask all of you for your help to comply with this mandate.

However, the people have also voted for order, for democracy as the principle of authority. They have voted against chaos and for the carrying out of our duties. They have voted against corruption and abuse and they want a strong government that will guarantee them security.

In sum, the people have voted for a government with a high ethical standard, for a historical and moral change in the leadership. A government with truth as its main base, a government that will always tell the truth even though that truth might be unpopular, because the people have learned a lesson.

To offer immediate promises is demagoguery. In the midst of the crisis the country has no confidence in those that promise more immediately; the country, knowing the difficulties, wants to open a different historical stage with its efforts. That is why the country wants a government that will not use power for abuse and arrogance, nor for self-interest or self-enrichment; a government whose officials know that nothing must be asked from the state, but everything must be given for it and that the post of government official is not sought because it carries a salary of thousands of dollars. To be a public servant, one must serve with the same verve with which others have given their lives for their ideas throughout history.

The public servant serves the state, he does not take from the state. And, to stress this definition, I have submitted to Congress a draft bill, which I hope will be approved, that states that any public servant from any level or ministry who commits economic crimes or abuses his authority will not receive the same type of punishment as the common criminal; he will be punished doubly because of the position he holds. He will be punished for theft, but he will be given a second punishment because he has betrayed the confidence of the people. [applause]

The people have voted for an ethical style that identifies itself with the majority. They do not want the cold isolation of offices and palaces. They want a government that will extend its hands to them, that will listen to them, and that when as a government it commits an error, it will not be afraid to correct itself. But, on the other hand, it can ask the people for a historic effort and the people will understand it.

Also, it is necessary to give examples in order to be able to govern. If we ask for sacrifices we must give up some privileges. Not so very long ago, a law was approved that increased the president's salary to double that of a senator. I believe, ladies and gentlemen, that being president during these times of crisis and being able to do something for my people is sufficient payment for my needs and aspirations. When there are Peruvians who only get 400,000 soles for their work, those who govern must be austere, especially with public monies. May I be allowed to submit this draft that calls for a reduction in the president's salary to a level that is more in accordance with the situation, and that that money be channeled to those who most need it. [applause]

In sum, we want a government of solidarity. We do not want a centralized government, or a government that will exclude anyone. In other words, we want a government that will not be the private property of the powerful from within or without, a government that will no longer be the instrument of certain people, but will be a government for all. However, high ethical standards do not result from intentions alone; they also respond to our everyday actions, and therefore, we propose to carry out a moralization campaign that will fight corruption, bribery, and abuse. This campaign will also eradicate drug trafficking. Thus, in the future, Peru will have a different set of moral values.

The policy of turning the page and starting afresh is a policy of complicity. It is a policy that turns people away. As we are foreign to accommodation and intrigue, we ask our sovereign Congress to continue with and to expedite the necessary cases in order to punish previous crimes and thus draw a dividing line between those who prefer to forget because they did not suffer and those who must punish because they are acting in the name of those who suffer. [applause]

The purchase of useless vessels at prices three times their value, tax benefits that have been granted to large interests; markets that have been obtained abroad and never used; contracts for electricity works costing tens of millions of dollars and which, in the end, cost hundreds of millions of dollars; construction work auctioned to foreign firms with inflated costs; a social security system that is tied up in bureaucracy, is expensive, and does not come up to the expectations of the modest contribution of millions of Peruvians must be immediately reorganized -- all of this and much more must be effectively investigated and for the first time punished so that it will serve as a harsh but necessary lesson for our own future. [applause]

Thus, Peruvian people, food will not grow in our land overnight and salaries will not increase as we would like them to, but despite this, a popular government will begin to clean up our morals and this must be done through police institutions that must recover their credibility in the country. But currently, harmful individuals have infiltrated them and therefore corruption and abuse is prospering throughout the country due to their complicity and-or inaction. In order for police institutions to recover the full confidence of the people, clean up their ranks, and improve their order and effectiveness, I hand to the Congress a draft law which I request it to approve, empowering the executive branch to start the reorganization of the country's police forces in 60 days. [applause]

Gentlemen, this is the meaning of the votes we have received: a social democracy and a moral government. For many reasons, we are compelled to comply with this. In the first place, we must comply for the history of the people of our land, the people whose votes were sometimes asked for but whose needs are forgotten. Those people spoke in the old language, they worked for the AYLLU [Agrarian Community in Inca times], and were later forced to work in the mines and for the magistrates after the conquest. They fought for Tupac Amaru, were soldiers in the battles of Junin and Ayacucho, resisted the wizard of the Andes [el brujo de los Andes] together with Caceres, and in a thousand subsequent social struggles, they raised their voices and died. The road opened by those people will not be betrayed, and the state will again unite with its people.

In the second place, the example of the social fighters, known and anonymous, compels us to comply, as well as the example of the heroes who, in times of adversity and danger, did not surrender. I tell you here that the examples of Grau, Bolognesi, Caceres, and Quinonez will never be betrayed.

In the third place, I am compelled by the history of the movement to which I belong, the APRA, with its 70 long years of waiting, a period of impatience, hopes, and death, a hopeful period of promises and illusions, an effort which I cannot betray. In the name of God, I invoke the spirit of Haya de la Torre to enlighten our road and give us strength. He accepted as his own the reform message of the Argentine youth in 1918. He accepted as his own the revolutionary events in Mexico, the Bolivarian inspiration for unity, and the voice of our oppressed race. He announced economic independence from imperialism and Latin American integration as a promise for the future, and now we have gathered here six presidents of the same Latin American people. He proclaimed social justice, and was also the martyr of that cause, dying unblemished and in poverty. He fought under hard conditions along with the masses who faithfully followed his banner and his promise of freedom.

Those who died for the cause of justice, anonymous performers in the most beautiful pages of our history, who became prisoners and patients will not be neglected, and neither will our leader of so many decades. He never occupied the post I occupy now and it is only right that I should say that his life and example are present here, and that his objectives together with those of men of good faith are reflected in this presidential sash as a government for everyone, especially for the most needy and those who suffer most in Peru. [applause] [crowd shouts "Viva Raul! Viva Raul!"]

I wanted to briefly review our situation today, the purpose of the peoples' vote, and the antecedents that commit us because the present moment requires a historic response, because our history is that of dependency on foreign forces which allied with and acting through powerful domestic interests, have led our country to the current crisis. Because of the lack of a national plan, of historic and popular leadership, we have lived by adapting our economy to the great interests of international capitalism. For this reason we have gradually gone from an exporter of raw materials to a country that purchased factories, alien to the country, for an industry centered in Lima. Today, we are nothing but a debtor country, defenseless against the commerce of other nations and increasingly poor because we have become less productive.

At the beginning of the century, when imperialism, which had been defined by Lenin and (Hillperting), used to purchase raw materials, we were like other Latin American countries that exported raw materials and took orders from the cotton and sugar kings. After World War II, international capitalism took another shape and became the imperialism of multinational industry. They, the great nations, sought to sell factories and technology, and we became eager to become industrialized. We did so only by flooding Lima with machinery. This generated a costly industry that gave similar work to the masses of peasants who arrived. This also introduced us to foreign foodstuffs, thus impoverishing our agricultural and peasant sectors even more.

But, in the third place, when world capitalism, after beginning to feel the impact of the new oil prices in the 1970's, sought to defend itself by selling ever-increasing amounts of products in order to pay for its energy and implacably charging its poor debtors, we opened our borders to this capitalism by purchasing its products, thus destroying our industrial sector, and we accepted the severe condition of paying the previous unjust debt at the cost of the development and hunger of our people.

However, this subordination to foreign economies has now exhausted our own possibilities. The crisis that we are experiencing today is not a crisis within dependency, it is the crisis of dependency itself and it can have only one answer: the democratic revolution that will make us freer and more just and make us the masters of our own welfare. And I hereby proclaim this revolution and it will be the real independence of our economic interests! [applause]

Our economic history has led to a situation of very profound lack of justice and it is this lack of justice that is to blame for the economic problems that we are suffering today. In the first place, there is a regional lack of justice that separates Lima, the cities, and the coast from the rest of the forgotten Peru. Lima has 80 percent of Peru's industrial sector in Lima itself, not out in the shantytowns, which continue to be provincial. The state, with its educational and health services, is concentrated in the Lima of wealth and of the middle class. However, the state still has reached the 4,000 campesino communities in Peru.

A rapid evaluation of the use of electricity per person, the number of doctors per inhabitant, and the economic investment per job demonstrates the distance that exists between Lima and its satellite cities and the rest of Peru, the Peru of the provincial campesino and of the shantytowns.

If this situation continues, who will Lima produce for in the future if Peru gets poorer by the day? Lima will continue to fill up with the people from the provinces. This, then, is the regional lack of justice that originated in the conquest itself, which brought Peru's historical axis sown from the Andes and to Lima.

But there is also a second aspect to the lack of justice: the economic separation between the various sectors. When we evaluate the country's economic functioning, we see that there are two clearly divided sectors. On the one hand we have the modern industrial sector that many times only assembles foreign products, the administration of the state in every aspect, and the service offered by our middle class. This is the modern sector where 80 percent of Peru's investment is to be found and where only 38 percent of Peruvians work.

On the other hand, however, we have the sectors that have been forgotten: the rural Andean agriculture with its millions of campesinos and sharecroppers and another human group that some people have called the informal urban group, which includes the unemployed and the underemployed, most of whom are inhabitants of the shantytowns. It is in this forgotten sector that 60 percent of the population works or survives, but it only receives 15 percent of the national investment. It must be asked for whom will the industrial sector produce if the majority gets poorer by the day. Who will administer the state if there is no production in the country? I want to state that there will not be a real way out as long as the state only dedicates itself to industry and to administration. There will not be a profound revolution until the state reaches the peasants [comuneros] and the unemployed.

Gentlemen, let me pay homage here to the street vendors, who are a symbol of impoverished Peru. The street vendors came to escape the misery afflicting the campesinos in their provinces, searching for the promised land, but they have only met with tuberculosis and neglect amid poverty. People do not understand the vendors, who are modern heroes. They could indulge in delinquency and crime. They could become impatient and wind up as subversive criminals. And, although society does not give them work, the vendors want to earn a decent living. They walk the streets, carrying their merchandise, honest people who want to work amid equality and well-being. [applause]

But injustice in Peru does not only involve regions or the sectors involved in economic activities. There is also profound social injustice. I have talked about a symbolic pyramid. The 2 percent of the population who are at the top of the pyramid reap the largest income through their monopolistic enterprises and thanks to their ownership of the productive apparatus. Quite often, that wealth, amassed at the expense of Peruvians, was achieved by leaving Peruvians hungry. What is worse, that wealth has served to swell bank accounts abroad, leaving Peru without funds.

I want to announce that from now on the state will revise and restrict the remittance of profits, which, quite often, were excessive and unfair. However, I have also stated that in order to guarantee the patterns of domination and to guard the wealth of that 2 percent, the state was also turned into a tool for the unfair concentration of income, into a sort of bureaucratic buffer, championing the wealthy and thus becoming unproductive and centralistic.

The state has provided jobs, but more than necessary. Sometimes these jobs have been given in exchange for votes and in other cases to create groups that enjoy bureaucratic wealth. I have mentioned the case of a state-owned enterprise in which barely 11,000 employees earn more than 2 billion soles; that is, more than what is earned by 75,000 teachers and more than 50 times the funds being earmarked for the Ayachucho Corporation. I must state that the state-owned enterprises and the state agencies in which those excesses are proven will be immediately revamped. [applause]

Through this path, the state has become indebted and has indebted Peru. The entire Peruvian debt has almost only benefited 30 percent of the upper class urban areas, the industrial and administrative sectors of the country. But 70 percent of the population has been neglected; this is, the agricultural and peasant sectors, the unemployed and street vendors, the provincial inhabitants, and the shantytown residents. There is no job security, nor is there security for salaries and water, light, and health services for the inhabitants of (Aiyu), Uchuraccay, Haychao, (Jasana Grande), and another 4,000 communities, villages, and areas. The state does not belong to them because, so far, the state has only enriched very few and has granted others scarce resources, jobs, health services, and services, but has neglected that 70 percent of the population on which, I believe, the future of our country lies.

On the one hand, we must seek solutions to the social problems that the owners of the means of production and their private and public subsidiaries are facing and, on the other, the problems of the neglected -- who are the great majority. I hereby declare, and this is my promise, that as of today the state belongs to all Peruvian citizens and that if no one has spoken on behalf of the peasants and the unemployed, the state will do so as of today for the well-being and justice of our history. [applause]

But the crisis makes progress amid this situation and these regional, sectorial, and social differences. A voice demanding the reactivation of the Peruvian economy rises from the paralyzed economy of all the sectors. I wonder what reactivation we are talking about. Are we talking about the reactivation of those who hold the top positions in the social, administrative, or industrial pyramid, playing the role of capitalists or union leaders? Or should we talk about a reactivation that will represent a historic revolution in our fatherland?

If we mean that reactivation can be achieved through the mere implementation of traditional aid measures to the higher groups, to the centralist and bureaucratic sector, or to the Lima industrial sector, we will only find that we either need to purchase more foreign products so our industries may assemble them, or, what is worse, that we have greater inflation because of higher salaries and profits at the top levels of the pyramid without the base of the pyramid having produced food that those salaries may purchase.

This is not the path to take. We need a productive and social reactivation that goes beyond the centralist and modern economy. I am not saying that we do not need to defend our economy, but I am saying that our economy must be channeled to the provinces and agricultural sector. I am not saying that the public servant's salary has not lost its purchasing power, but I am saying that public administration must be decentralized and become productive so it will no longer be a heavy burden for the country. What I have come to propose is something different. Peru needs a democratic revolution, a historic reorganization that will lead to a deep reactivation, that will allow the neglected sectors to be heard.

My proposal is to promote agriculture in those areas where the living standards of millions of Peruvians has remained unchanged for centuries. Thus, those neglected lands, in which no seeds, fertilizers, or tractors have ever been used, lands that are cultivated once every 8 years, will produce the food we are now buying abroad. We will then attain the social reactivation for production.

My proposal is also to give jobs or a chance to earn a living to the hundreds of thousands of unemployed and underemployed people in shantytowns. We will thus attain the social reactivation of consumption. We will be building a new nation if our agricultural production can meet the consumption needs of those who now have nothing to eat because they have no jobs. This process must take place at the foundations of society, at the lowest level in the social pyramid. The local market will then buy Lima's industrial production, which is slowly dying because of vanishing demand.

The public administration, most of which is headquartered in Lima, will thus have historical justification, because it will no longer manage an unproductive country but a nation that has been reactivated at its foundations.

In conclusion, I am not ignoring the industrial sector, the workers, the employees, or the professionals. Faithful to my party ideology, I believe the middle class, the working class, and the owners of small and medium-sized concerns have a great responsibility in this transformation. I call upon them to realize that the state has thus far been run by just a few people, although all of us must support state action. I am referring to those sectors which, even though lacking decisionmaking power, are important to our future.

To those conscientious people I say a supreme effort will be needed for this change and the difficulties that have developed over 150 years cannot be solved in just a few months. However, if we do not decide to implement a change, in a few months or years the situation will be much worse, with more violence, and with higher levels of recession, inflation, and unemployment.

That is why I am hereby reiterating before Congress what I said during my campaign: We need a new nationalist and democratic state, a people's state; a nationalist state that should defend our economic sovereignty and our industry and production from unfair competition with foreign goods, so that the Peruvian market will no longer be open to foreign merchandise; a nationalist state that should defend our national resources, doing away with tax exemptions which, as in the case of the oil sector, have seriously affected our economy. I am hereby submitting to Congress a draft law abolishing Law 23,231, which established an oil-tax exemption. I will make it clear, though, that we need trade and call upon foreign investors to negotiate specific and mutually beneficial dealings. But we want to remain a free and honorable nation. [applause]

We need a nationalistic state to defend the nation from the monopolistic structure of some enterprises whose dominant position in the market allows them excessive profits. In order to achieve improved distribution and social justice, I submit to Congress a draft that calls for restricting monopolistic activities. I also hereby announce that within the immediate future, we will undertake the task of improving the tax system and making it more efficient so that those who must contribute to development really do so. When this objective is achieved, the state's income will not come just from gasoline and other fuels that tax the people indirectly.

Also, I ask Congress to pass legislation to increase the punishments for tax evasion and bribery, and I hereby declare that in the future economic amnesties that pardon evasion will never again be used because the government cannot be an accomplice of those who do not perform their duty for Peru. [applause]

We believe in private property that is linked to the common good. We believe in free creative initiative. We reject dogmatic egalitarianism and sterile statism, but we believe that abuse of the use of property and the abuse of monopolies are not compatible with a state of justice. Food is a visible case. We have become used to consuming foreign wheat, and we have dropped our historical consumption of corn, which is the basis of our society. We also do not consume the tubers and grains that Peru grows. The time has now come to learn to consume what Peru grows, and the agroindustrial sector must contribute toward this objective.

Medicines are another visible example. Many times medicines that cost 10 [denomination not specified] abroad are sold for 100 in Peru. This abuse must be stopped. I hereby declare that from now on no one will become rich at the cost of the hunger and the illnesses of my people. [applause]

The nationalistic state must revalue its essence in our own currency, because a currency that is the sign of world capitalism has flooded our economy, thus making it dependent on the dollar [dolarizandola]. I say that to renounce our own currency is to renounce our sovereignty, and I stress that from this time the economy, salaries, and profits will be measured in our own currency and not in a foreign currency. [applause]

I believe that education will be a basic instrument to achieve the objectives of our new state. We must firmly impress on our children and young people the solidarity and brotherly concept that all of us are equal parts of the same historic collective whole. We must firmly impress on them a critical and creative perspective. At the same time, we must make education into a means of decentralization and a link among the regions, and a means of technical training for production. In view of these objectives, the figure of the teacher becomes essential. I therefore want to remember the teacher, particularly the provincial teacher, who fulfills his mission with a scanty salary, and I want to tell him that on the road of transformation I am proposing he will be the author and protagonist and that he can aspire to the progressive recognition of his mission and living conditions. [applause]

In the second place, if we conceive of a nationalistic state, we need a democratic state that should be democratic not only because of its elective origin and because of its respect for freedom of opinion and expression, but also because of its role as the dispenser of justice and basically because of its new organization structure. As I have said, as a result of history, the state limits itself to assisting the uppermost 30 percent of population in the city, the administration, and industry. We believe that the state should be a true example of democracy by decentralizing its own organization so it can reach the hamlet communities and the unlighted homes of the shantytowns.

A brief review of the state apparatus shows, for example, that the Agriculture Ministry, with 28,000 employees in all its sectors, has more than 50 percent of its bureaucracy in Lima, where there is no agriculture and no peasants. The same thing occurs with the state development banks for agriculture, mining, and housing. It is necessary for the state to decentralize. In addition, the management boards of state banks and enterprises should be opened to those who represent the productive forces. I have given instructions to the chairmen of the state banks to include representatives of the industrial communities, the agrarian confederations, and the labor union leagues. Some people have asked me why this should be done -- they are not APRA people -- and I have replied: So much the better, because that is proof that I am the president of all Peruvians. [applause]

Therefore, I am submitting to Congress the decentralization and microregionalization draft that will spread the state and its services to all corners of Peru.

In order to fully explain what we call a democratic government, allow me to use the Peruvian people's health as an example. The health situation in Peru reflects the differences in the social and cultural classes of our various groups. One out of two deaths involves a child under the age of 5 due to diseases that could have been prevented through health and immunization programs. From every 1,000 children that are born, 127 die before they are 1 year old, while in the rest of the Latin American continent the average is 73 deaths before the age of 1. The national average of 127 deaths also conceals the injustice of the system centralized in Lima, because of every 1,000 children born in Lima only 57 die before they are 1 year old, while in Huancavelica 275 die. In other words, in Peru a child under the age of 2 years dies every 4 minutes. And most of them die without having had the opportunity to go to a health center.

In our fatherland one of every two inhabitants does not have potable water; among the peasants only one of every seven has this service and only one of 143 has sanitary services. Half the school children are undernourished. Seven of every 10 pregnant or breast-feeding women suffer from anemia resulting from malnutrition. Is this the type of democracy we are all thinking of?

Currently the resources and money allocated for the health sector are used inefficiently and only sharpen these differences. Our health administration is centralized and bureaucratic. Forty percent of the Health Ministry's budget is used by the ministry itself, and 71 percent of its current expenditures cover salaries and pensions. In Lima, the number of hospital beds is eight times greater than that in Cajamarca. In Lima, the number of physicians is 54 times greater than in Apurimac. Therefore, our state currently is a centralist and discriminating state. The financial and human resources are channeled to the most complex enterprises, but there are no preventive actions to fight the causes of most deaths.

Our country, instead of large hospitals, the costs of which many times are padded, needs sanitary works, a vaccination program, and improved nutrition. The democratization of the health sector means allocating resources to the most needy and endangered groups, to the nutrition of mothers and babies, to providing complementary food. The democratization of the health sector means getting the people to participate in identifying their problems, their priorities, and their solutions, and that they not only be passive recipients of scarce services. Democratization means decentralizing the health services and using medicines, which until today have been commercialized through a monopoly and the use of which have been distorted. The state will oversee this task so that the people can receive essential medicines, because medicine must not be speculated with and because death in Peru must not be the basis of wealth for anyone. In sum, we want health for the people, and preferably for those who need it most.

In the same respect, to democratize the housing sector is to support private enterprise in the construction sector, but the state must also help the poor man who builds his own house with loans. The state must not only support what in medieval language will call noble materials, but it must also acknowledge the nobleness of adobe and lumber. The state must not build for only one certain sector, it must also reach the sector that does not have any sanitary works or electricity; it is a sector in which there are people who are showing an effort by working there.

Work must also be democratized as a right of the citizen, the right to our own bread, the right to dignity. In the current situation with so much unemployment, the state must be the source not of bureaucratic or unproductive posts, but the great generator of work for those who do not have it. And it must do so directly by supporting small enterprises, which have the most jobs, but which the state has never helped or granted loans.

Democratization must also effect justice. Of every 22,000 people in prison, only 7,000 have been sentenced. The other 15,000 have only been accused of a crime and because they do not have money to pay for a lawyer or for their defense, they see their lives shortened by a minor crime. I hope that the future justice minister will coordinate with the judicial branch and that the latter will speed up trials, because bureaucratic slowness must not be the pretext for mutilating the life of a citizen. I also ask the Supreme Court something that every citizen is clamoring for: Judges must be exemplarily honest and their secretaries and notaries must always fight the temptation to accept bribes and gratuities. [applause] I am sure that the judicial branch itself will implement the necessary measures to heap with the moralization campaign by punishing those who from within attack its prestige.

In view of the fact that people who have been accused for the first time and of petty offenses are filling the prisons because of the slowness of justice, and in view of the fact that some of the convicted women who are serving sentences have up to eight children with them in a small cell, I announce our intention of seeing to it that the sentences are not extended to children. I announce our intention that punishment for minor offenses should be reduced, because a person who commits a misdemeanor is sometimes branded as a criminal forever, after spending a long time in prison. I ask for your cooperation as legislators to achieve this, and faithful to the intention of making justice democratic, I announce that using my presidential prerogatives, I will grant a broad pardon, which will restore a great number of Peruvians to useful lives in the nation. [applause]

On the other hand, I also announce that the moralization campaign should place those in prison who, as officials, have used their posts to take money from the people, because, as of now illegal enrichment and the taking of bribes will become major crimes in Peru. [applause]

A democratic government also democratizes art and culture, by promoting the artistic creations of the people and also providing them with musical, pictorial, and poetic forms of art which will no longer be the exclusive exercise or privilege of any group.

Democratic government will be one of participation by grassroots organizations in support of action of the state. The cooperative dining halls of the shantytown mothers who buy and cook together to as to obtain lower prices and better rations, the cooperative dining halls for the people, are a great example of the capacity for cooperation and solidarity among the people. We must appeal to these cooperatives to the federations of mothers' clubs, street vendors, and slum dwellers will support our efforts for well-being.

Another reason for asking this is that the government does not appear before the people in this crisis to promise things it cannot fulfill; it rather demands that the people organize to use in the most rational way possible the scarce resources left to us in this situation. Someone has made promises before, but I say that I have not come here to say what I will do for my people, but to ask my people what they will do for their government, for their future, their justice, and their freedom. [applause]

This is the concept of a nationalist, democratic, and popular state which I offered in my campaign and which I now confirm from this lofty rostrum. This is the concept of a new state, identified with the majority sectors of the nation, and I summon all Peruvians to the effort to build it. This is not the time for a single political party; it is the time for the Peruvian spirit of all the people. Finding myself at the crossroads of crisis, violence, and death, I demand from all Peruvians a determined effort in order to put us back on our feet and get us going again. I make an appeal to all social sectors. I urge all who have always had to understand the restrictions that solidarity imposes and all who have nothing, not even a job, to regain your hope.

I urge you all to work to turn a speculative state into a productive state, but a state that will not only produce material goods but also faith, justice, and a future. At this point, I would like to ratify that my government will be a government of all the Peruvian citizens. I urge and request all political parties to forget personal disagreements or rivalry and to reach points of agreement on the aspects of the crisis whose seriousness demands not a partisan response but a national decision.

Alien to hatred and revenge, we once again maintain that our only enemies are the misery, injustice, and suffering of the Peruvian people. But the peoples' state must find a solution to the most pressing and serious problems the country is enduring. It must find a solution to the foreign debt, to inflation, recession, subversion, disorder, and immorality.

The foreign debt problem is our priority issue right now. From our point of view, the foreign debt reveals the relationship between the poor and the rich of the world. It is the result of the unfair exchange of our raw materials for the manufactured goods of the richest countries. It is also the result of the overvaluation of the dollar in relation to other currencies. The situation has worsened even more because of the arbitrary and unjust increase in interest rates that increases the foreign debt and, what is worse, because of the protectionist measures of the nations that now refuse to purchase our raw materials.

On our part, we must accept that the foreign debt has often been handled in an irresponsible way, incurred to finance unproductive investments and to favor, almost exclusively, 30 percent of the population. This foreign debt has enriched very few and has allowed others to import foreign goods or allowed the state to expand its unproductive administration. This is the share of responsibility we Peruvians have and we must assume this responsibility because if we are going to denounce the unjust origins of the debt, we must also acknowledge that as a nation we have not had the strength or the courage to change the course of our history. We have not managed to unite to carry out a national project and have often been dominated by secondary interests supported from abroad.

For these reasons we tell the international financial organizations, which are now trying to regulate our economy by establishing conditions of austerity and a reduction of expenditures, that they were accomplices in the squandering and unproductive use of those resources. During the past century they were accomplices in the issuance of unproductive loans since this favored the international banking sector.

During those years, you did not advocate austerity. On the contrary, based on irresponsible alliances, you encouraged unproductive centralization. That is why the Peruvian debt now totals \$14 billion, of which \$3.7 billion must be repaid in 1985, while our exports amount only to \$3 billion. This is the situation we have inherited.

If Congress and our illustrious visitors allow me, I will refer to some basic topics of this fundamental issue. First, we want to repay our debt because we are honest. Despite the fact that we are aware of its unfair origin, our people will assume their responsibility because they recognize their own mistakes.

Second, we maintain that the historical and final solution to this problem lies in the political treatment that a united Latin American continent should give to the issue, because all Latin American nations have had the same fate and are now in the same situation. A united Latin America continent will succeed in making the wealthy countries recognize that they are also responsible for this crisis, and that they must lower interest rates, extend repayment periods, and maintain our exports' prices.

I believe that a significant and historical unity will emerge from this debt crisis, which has cast a shadow over our economies, and that an integrated Latin American continent will provide the great stage for democracy and socialism in the next century.

Therefore, we welcome and support the Consensus of Cartagena as a decisive step for unity. But it is also necessary to state at the same time that the debt issue reflects a contradiction between the poor and the rich. It is a conflict between the impoverished South, to which our America belongs, and the industrial, imperialist, and wealthy North.

It is not, as some believe, an East-West conflict. It is not a two-party conflict between the two hegemonies. As I said, this conflict reflects the antagonism of our dependence, because, on the one hand, we contract debts to buy products from the wealthy countries, to repay previously contracted debts, or to implement non-profitable projects and, on the other, we are being asked to repay them under very difficult conditions, a task that will be impossible for us. This is a North-South rather than an East-West conflict. Therefore, Latin America must provide the answer itself, without listening to outside voices that do not share Latin American problems. The historical legitimacy and the strength of our answer to the debt problem will depend on our decision to formulate it by ourselves.

My government will strive to achieve unity in the Americas by supporting initiatives such as the Consensus of Cartagena. But our support will not be merely rhetorical, because we will also take action in our struggle for international dignity and equality. [applause]

Third, we reaffirm our proposal: We want to deal with our creditor countries and banks; we want them to know our reality, our decision to reactivate our economy and to attend to our people's social needs because we will not be able to honor our commitments without the people's help. But we want to talk without intermediaries. Thus, in discussing the foreign debt issue, we will not accept impositions on our economic policy. President Alan Garcia is an elected president and must report only to 20 million Peruvians and not to the officials of an international organization. [applause] Let all world nations know that, as the Peruvian president, I am aware that Peru has a great, principal creditor: our own people to whom this government will allot those resources that may be necessary to reshape their future. [applause]

At this time of difficulties and austerity, we will propose a policy that will require efforts for some time but this policy will no longer be imposed by the IMF. The sacrifices will not be designed to benefit just a few but to guarantee the future of the large national majorities. Complying with my duty, I hereby announce that we will implement a tough economic program to reorganize our economy to effect revolutionary changes. But I want to state here and now that everything can be negotiated except our people's economic sovereignty and political future. [applause]

Fourth, and complying with a campaign promise that was endorsed by more than 80 percent of the voters, I want to repeat that there is an extremely large internal debt that we have to pay and that we will first make a great effort in this direction. This does mean that we will overlook our responsibilities or our foreign creditors. We want to pay under better conditions and acting together with other countries. Yet as long as the Latin American countries do not adopt a united position on this subject, and keeping in mind the spirit of Cartagena, and aware of the need to move from words to actions, I announce that we will dialogue with our creditors without using the IMF as an intermediary, and that in the next 12 months, as long as the situation does not change, we will allot for the servicing of our foreign debt no more than 10 percent of the total value of our exports, not 60 percent as they ask us. [applause]

I am thus reasserting the Peruvian economic sovereignty and the right each people has to decide its future without the hated mediation of organizations that are only at the service of large international interests. I know that, like any historic decision, this one will bring us immediate problems, perhaps extremely serious ones. Yet I want to tell my people that, taking into account the course we have followed thus far, if we fail to make decisions now we will have to face more serious consequences.

When the circumstances change, when rich countries agree to maintain a fair level of trade and respect the value of our work; when our copper, our silver, our fishmeal, and nontraditional products regain their value with regard to technological, industrial products; when interest rates are no longer increased only to solve the domestic deficit of our main creditors; when efforts to restrict the volume of production of our raw materials such as copper are discontinued, then we will consider that the circumstances have changed and our country will have more resources to meet its obligations. But until then, our emergency situation requires that we first reactivate our economy and attend to the urgent needs of our people.

I have confidence in dialogue and trust that our creditors will show understanding. I will take advantage of the presence of some representatives of these countries and banks to start this dialogue. In addition, I have great faith in my people to face any threat, to withstand temporary restrictions, in the awareness that sacrifices will not be designed to maintain injustice but to pave the way for a new democracy.

Inflation, or price increases, is the second major problem our democracy is facing today. Inflation is a burden that is being shouldered by the poorer sectors because the have-nots and wage earners do not have a way to fight it by buying land or foreign currencies. It is fair to state that inflation cannot be entirely blamed on a single government. As I said earlier, inflation has historical and structural causes that stem from injustice and dependence. In the first place, we now have a food shortage because we have neglected the agricultural sector. We also have a shortage of edible fish. The government chose to promote the profits of multinational companies, the Lima-based assembly plants, and the growth of its bureaucracy, but overlooked agriculture and the peasants. Since food is becoming increasingly scarce, its prices are becoming increasingly higher.

Secondly, owing to our lack of domestic production, we have been importing all the wheat we need to make bread and spaghetti, and a major portion of our requirements for milk, corn, oil, and other staples. Yet payment for these items has to be made in dollars. The U.S. dollar is becoming increasingly higher because our economy is becoming increasingly weaker. This is another factor that fuels price increases.

We propose to replace imported products with traditional domestic products such as corn, potatoes, and rice by reactivating farming. In the meantime, we propose to make a better use of the foreign wheat by consuming dark flour and by making larger loaves of bread to lower costs.

Third, inflation does not only stem from inadequate production or food imports. It is also stimulated by a system under which certain resources are subject to monopolistic practices. Few companies are importing and producing wheat, oil, and flour but they are making large profits. Yet the income of the people consuming these items is dropping steadily.

I believe that price increase, which reduces the people's purchasing power, should not be designed to maintain or to increase the excessive profits of monopolistic enterprises. The government seeks to protect the people through the Law on Control of Monopolies. Furthermore, through realistic price regulation, it will seek to prevent food shortages, despite the crisis, although there might be a shortage of other items. This is our main problem because much of the agricultural sector is paralyzed and we have to buy foreign food at high prices. Thus, we are proposing to establish prudent price regulation that will not undermine production and to maintain some subsidies -- although not indiscriminately -- in order to directly benefit those who are in true, deep poverty.

Furthermore, we must defend low income sectors against price increases. The peasants, the unemployed, the underemployed -- whom I described earlier as the outcasts of the earth -- are high on the priority list of my government. Our concern will also be focused on those earning minimum wages. Approximately 1.2 million Peruvians earn the minimum salary: They only make 350,000 soles monthly, that is, between \$28 and \$30. Because democracy should start by helping the poor sectors, I want to announce my decision to increase their real income immediately. [applause]

We will thus gradually meet the demands of productive sectors but we want to ask the people for their solidarity and understanding in the face of the dramatic crisis we have inherited. This poses a third problem. How will we cope with recession, that is, with the stagnation and the productive regression prevailing in Peru?

In the first place, we see that industry, which is exhausted because it is centered in Lima, is separated from the rest of Peru. Therefore, this Lima-based industry lacks a market. In addition, this industry has been overwhelmed by a deregulated and neoliberal policy, which favored the entry of foreign goods, thus leading to its stagnation.

In the second place, we seek a depressed and unproductive agriculture, which is becoming poorer as more staples are being imported. Where then will we get the funds needed for a reactivation?

During our political campaign, we stressed the need for Peru to make an effort on the domestic front, an effort to replace the foreign loans, which are unavailable to us now; a domestic effort which, by guaranteeing the savings of the Peruvians, will seek to make interest paid to savers positive vis-a-vis inflation, thus strengthening the national currency and replacing the forced dollar-standardization [dolarizacion] of our economy.

Given this emergency situation, it is imperative to control our foreign commercial transactions, restricting the utilization of the scant foreign exchange available to the urgent needs of the country and the majority of the people.

Therefore, reasserting the need to respect those who preferred to hold savings accounts in the country instead of treacherously depositing their foreign exchange in foreign accounts, I reassert that we will maintain the purchasing power of those savings, giving them a positive value within the framework of an emergency economic policy in which the goals of achieving changes and justice will have to be reconciled with the restrictions posed by this state of economic and commercial war. In addition, we will ensure the implementation of regulations governing the investment of national and foreign capital, benefiting to a greater extent those investments that provide more job openings, that tend toward decentralization, and that use fewer imported components.

To this end, I have given instructions to the proper officials at the appropriate ministries to hold talks leading to guaranteeing the necessary atmosphere of confidence.

As promised during the electoral campaign, we will restrict imports to indispensable items, avoiding the entry of luxury or nonessential goods, thus protecting our industry, strengthening its export competitiveness through the necessary stimuli, but without indulging in the abuse of a closed market.

In this regard, I would like to state that the claims made by the industrialists and the businessmen must be heeded. But I also demand that for the benefit of the poor, they relinquish those profits which are not necessary for their operations and which are not actually productive reinvestments.

I have learned that, amid the crisis, salaries as a share of the overall national economy have dropped. However, business profits as a share of the economy have increased.

I am telling those who have business responsibilities that in this war against misery and crisis, we must understand, once and for all, that solidarity without privileges in which all of us, especially those who own more, make our share of sacrifices, is necessary.

Concerning the workers, we ask that productivity be increased amid an atmosphere of stability which permits us to overcome the hardest times of this crisis. However, we ask that production be increased knowing that the true welfare and the lasting well-being of families depends on this, knowing that the cost of the crisis will not be shouldered only by the unemployed, who are the ones suffering most, or the unionized workers, as has been the case until today, but by all Peruvians.

Work must be done in an atmosphere of stability. In this regard, I am announcing that I will present, as I did in the past congress, a draft bill for job stability with a 3-month trial period during which I am certain the sovereign Congress will accurately state justification for dismissals to prevent workers, secure in their jobs, from being legally idle or unproductive.

Inasmuch as the state fights against the monopolies and for a better distribution of the national income among Peruvians, the state is also aware that within the work force only 35 percent of Peruvians have a steady job. Therefore, for every employee who is not doing his job or is not working efficiently, there are two Peruvians who are not collecting a salary and would be willing to take those jobs. [applause]

However, not only urban industry is affected by recession; the historical recession is also affecting the agricultural sector, which needs to be decentralized and, according to the project that has been submitted, decentralization will reach every corner of the sector. Loans, improved seeds, fertilizers, and machinery, which 90 percent of our agricultural sector does not have, will be provided to help commercialization and to prevent abuse and speculation. The nationalistic state will promote the consumption of food that is produced in Peru, and at the same time our lessened dependency on the food of the colonialists.

I repeat that the base of the new and great Peru is to be found in the land. A nationalistic Peru that will not have to depend on imported food; a democratic Peru that will involve all Peruvians, a decentralized and productive Peru that will be the basis of the large market of the future.

Thus, Peru will re-encounter its history in the land, and the state will identify itself with the people. I submit to Congress a draft for agrarian development and nutritional reform, and I hope that Congress will approve it. [applause]

Regarding the fisheries sector, I must announce that the irrational use of our seas as a source of wealth for other nations has ended. During the electoral campaign I said [applause], and I repeat, that of 100 kilos of fish taken from the seas, only 1 kilo is sold to feed Peruvians, the remaining 90 kilos being made into fishmeal and sold abroad. Consequently, being at the top of the list of countries with a fishing industry, we find that Japan consumes 60 kilos of fish per person per year, while in our country we only consume 10 kilos. In some departments, such as Ayacucho, only 1 kilo of fish consumed per person per year.

Our objective is to stop using fish for industrial purposes. Our objective is for fish to become the nutritional base of Peruvians. Therefore, I have instructed the minister of fisheries to immediately channel the products of our fishing industry toward the freezers and the canneries and to reduce the import taxes on tinsheet so that fish can be made an immediate resource for our people. [applause] The fishery enterprises should thus dedicate themselves to producing food for the people, rather than fishmeal, in order to make their activities democratically legitimate.

In the same way, mining, the mainstay of our economy, will enjoy state support, particularly small-scale mining, through stable legislation and honest administration. In this field, as well as others, to the extent and at the time permitted by the current crisis, we will try to give to productive activities the profitability enjoyed, so far, only by speculation.

The fourth topic, and an essential one at this time, is that of the subversion laying waste to our country with insecurity and death. Much has been said about subversion. Some have said that its only cause is misery, others that its origin lies in foreign aid. I say that neither viewpoint is correct because it is necessary to make a very clear difference between the just and century-old demand of those condemned to live on community and peasant lands, and those who commit crimes or are accomplices to them in the name of dogmatic and totalitarian ideology. The first-mentioned historic demand we accept in the name of the state; the latter ones we repudiate and we will punish. [applause]

On behalf of a people's state, a state which I fearlessly call revolutionary, which is identified with the majority and those who suffer misery, on behalf of a state of decentralizing transformation, I assert that democracy must have authority and energy, and that democracy must not allow subversion and much less death, because we will not withdraw one single step in the face of terrorism, whatever its origin or inspiration, whether leftists or rightist. The subversive groups will receive no more consideration from the government than the consideration imposed on us by our democratic creed and Christian faith. We do not accept death as an instrument in a democratic system. The proof that social justice can be achieved under democracy is given by our presence here and our commitment to struggle for the people and justice. The law will also be applied severely to those who are violating or have violated human rights through killings, unlawful executions, torture, or abuse of authority, because it is not necessary to commit barbarities when fighting barbarity. [applause]

We know, however, that many people have been unjustly accused of terrorism and that they are detained without reason because of the slow court procedures. I call upon the judicial branch to speed up their trials, and I announce, without any prejudice to the independence of the judiciary, that we will immediately form a peace commission, made up of jurists, human right organizations, and political groups.

The peace commission will have two objectives. In the first place, it will examine the condition of those who plead innocent and propose an immediate solution to the court so that a difference may be clearly established between a subversion action or complicity therein and a political crime, for which members of democratic parties are serving sentences in prison, unjustly charged with subversion.

In the second place, the peace commission will be in charge of doing the groundwork for dialogues to persuade the misguided to return to democracy and abide by its principles. Conditions allowing, we will be willing to consider the possibility of acts of grace, pardon, and amnesty for those who have really committed subversive crimes. For this the state will resort to tools that will allow understanding among Peruvians.

We are willing to exhaust all measures that will allow a harmonious coexistence and peace. Democracy must be educational, politically attractive, persuasive, and exemplary. Democracy must also summon its misguided sons but within the law and on the strength of the people's state.

However, in the name of this state we must also confront a fifth problem, that is, national order and the return to the principle of authority. No historic project, much less a revolutionary and national project, can coexist with disorder and chaos in which only the strongest win. In making a historic diagnosis, in pointing out our priorities, and in speaking the truth of a crisis whose most dramatic effects will still be felt, we are aware that it is necessary to fulfill the proposed objectives, even running the risk of becoming unpopular in some sectors. Otherwise, this situation in a short term will be even worse.

The peoples' vote must be respected through calm and strict implementation of the law. If those who see their privileges vanish promote an unjust defense by disrupting economic order and if those who do not want to understand engage in agitation, the state will punish them by strictly and energetically implementing the law.

When we talk in the name of law, in the name of justice, and in the name of the great majority, when we talk in the name of the revolution, there cannot be weak conduct that favors disorder but rather firm decision that will make the path clearer. However, as I have already said, national order cannot coexist with corruption and injustice, and it cannot be the order of immorality.

To my previous proposal for a double punishment for public servants and the reorganization of the police forces I want to add another proposal that has to do with a friendly country. A historic scourge threatens our country: drug trafficking, whose prospects of bringing a sudden fortune corrupts people and has destroyed many Peruvian institutions. Neither Peru nor any other country can be identified as an exporter of poison. To the president of the brother Colombian people I propose that we strengthen our coordinated action to improve our bilateral police action in order to totally eradicate drug trafficking. To the Peruvian people I say that the moralization campaign, as in other areas, will be democratic, because only with the help of the people will we succeed in wiping out corruption forever.

Concerning our foreign policy, we endorse the integration principles of Haya de la Torre's APRA ideology, as an instrument for defending our nations against imperialist hegemony. We endorse the principles of sovereignty and self-determination of the peoples, yet we are aware that integration is the only path leading to a solution to the crisis. If we do not attain integration, we will sink even deeper into the negative trends of world economy. Therefore, it is our intention to defend and strengthen the subregional Andean agreement as a decisive step that cannot and must not be reversed. Our failure to maintain our early success in increasing subregional trade by more than 10 times should not make us believe that the agreement is unfeasible. Our failure has been caused by the world crisis and by abuses by wealthy countries.

We must move forward without yielding to technocratic criteria. We must endorse integration as a political decision. This was the lesson of our war for independence. Just as all of us have stated that the debt problem should not be solved on a bureaucratic basis but on the basis of a political dialogue, we should on the same grounds realize that integration, rather than a technical cooperation agreement, is a commitment that falls directly under the responsibility of the political leaders of the subregion. Presidents, we have to assume this responsibility.

However, just as we face the Andean Pact and the Latin American integration as a great task, we should also return to our nonaligned course. We should strengthen our determination to act more resolutely and play a more significant role within the group of nations that have stated their willingness to remain outside the conflict between the superpowers.

We call upon the European industrialized nations to consider the interest they share with our peoples, because they are also in danger of becoming a stage for the conflict between the superpowers and of having to yield to the economic mandates of more powerful nations.

We voice our solidarity with the peoples, ethnic groups, and social classes that are struggling for their freedom around the globe, and we reiterate our determination to establish the strongest ties with the Arab, African, and Asian countries. The Mare Nostrum of the past, the Pacific Ocean of the present, will in the 21st century serve as the bridge that will allow us to approach Asia.

We ratify that our political desire, within an ideological pluralism, is one of solidarity and unconditional support for those nations throughout the world that are suffering the threats of either one of the imperialism. In America it is our desire to achieve the objective of preventing the ideological and military frontiers of the great powers from overflowing the borders of our countries.

As Peru stood shoulder-to-shoulder with fraternal Argentina during the Malvinas conflict, then America as a whole must fully support the example and the peace efforts that are being carried out by the Contadora Group, which we support as a guarantee for Latin American sovereignty, which is fighting for its life in Central America and Nicaragua. [lengthy applause]

Since we are not a member of the Contadora Group and thus not able to give it our enthusiastic support for the cause of continental sovereignty that must be decided in that region, I propose to my brother presidents of Latin America the creation of a front of Latin American countries that will support the Contadora Group, and I hope that this proposal will be well received by those heads of state who are here. [applause]

At the international level we cannot help but say something about a prickly affair. Our impoverished nations distrust each other as though a hidden hand was meddling with their disagreements in order to prevent them from uniting. Our countries, most of them suffering from a crisis, continue with their arms race, stockpiling resources of death that could be used against each other. This is an irresponsible way in which to face history and the continent's political leadership must be responsible for changing that destiny.

This reality only benefits some countries that trade in death and their intermediaries, those people who belong to the dark profession of arms trafficking. Because we believe that the essence of our nation, of its history, and of its flag lies in its people, most of them needy persons, we believe that the best use we can give our scarce resources is to reactivate the economy, in seeking the well-being of our people thus safeguarding the defense of our people and our territory.

Therefore, as many other leaders have done, I advocate the need for a regional agreement to reduce arms expenditures and to freeze arms purchases, thus abiding by the spirit of the Ayacucho Declaration signed in 1974. Because I believe, as in the case of the foreign debt, that it is necessary to stop uttering words and having good intentions and to start carrying out actions and good examples I, loyal to this purpose, hereby announce to all world nations, our decision to substantially reduce the purchase of war materiel, starting by reducing the number of Mirage planes to be purchased under negotiations that are currently under way.

I believe that beyond distrust, those of us who have the duty of governing America and those of us who are responsible for its main institutions should be aware that the future tells us not to regard each other as adversaries but rather to achieve peace and justice for our people. We are not enemies, we have a common enemy that has entered our history and borders bringing misery, dominion, and injustice.

Presidents of Latin America, our people share the same great reality. Cholos, gauchos, llaneros, rotos, whatever we may call ourselves are all Latin Americans and at this moment are a living example of the poor people of this world. Our countries, to a lesser or greater degree, have experienced the same tragic history, the history of dependency, subordination, and injustice. Until the great crisis of 1930 thwarted the great hopes of our leaders, we were exporters of raw materials. After that, we sought to become industrialized countries, or so it was said. For this we started purchasing machinery and began becoming indebted.

Now, also in a separate manner, we are debtor countries and our economies are open to impositions. However, it is now up to us that Latin America react, that it occupy a place in history, and that it end its struggle for independence 150 years after it started.

I am certain that today or tomorrow, we will all unite to free ourselves from any form of imperialism, to exchange our products, our culture, and our people, to reassert our well-being. This is not a voluntary mandate, it is a mandate that stems from the future as does the revolution and justice. It stems from an inexorable future.

So then why, brother presidents, are we making history lose so much time? Why should we leave our countries isolated? Why must we distrust each other? Why should we abandon ourselves to the wealthier empires? Why should we have a reverential fear of those who now have the upper hand?

I call on you, let us unite, brothers, in order to be loyal to our peoples, and thus we will have prepared the foundations within our peoples for an authentic, profound and everlasting social justice. [applause]

Up to the present time, and history will recall this point as a demonstration of weakness and a lack of unity, we Latin America chiefs of state have only met when the chiefs of state of the most wealthy and imperialist country of the world told us to meet. We have never met because it was our desire. We have only been at the beck and call of those who feel that they are the owners of this hemisphere.

It is our turn now to adopt the decision of calling the meetings ourselves, without that individual championship that bewilders and divides. We must meet, because the true horizon of democracy and socialism in freedom is to be found in our unity. This is our responsibility, and we are responsible for every minute, every hour, and every second and for every man, woman, or child that suffers hunger on a continent that has the key to its future in its own hands.

I overtake tomorrow's aspiration asking our brother president of Panama to call on us to meet in his fatherland, thus emulating Bolivar's dream, and there, we Latin Americans might find our destiny. Let him call on us to meet just as those men who 150 years ago met in a congress whose last page still has to be written, and then, together, we may be able to see the dawn, and we will be able to prepare the bases for a great, free and united Indoamerica. [applause]

People of Peru, people of the old tongue, people who have waited for so long, people who suffer from injustice, people who have been ignored by countries, the powerful, the wealthy, people who have been subject to a thousand types of slavery, I truly tell you that we still have to walk the arid desert of the historical challenge. We are going to suffer many difficulties, but I will be beside you as another soldier, another worker, another street vendor and maybe as another dead person. We will suffer many more difficulties, the effects of the crisis will be felt, but this may be a necessary challenge, a challenge of destiny to prove that we are capable of putting an end to domination, lack of security, misery, and injustice.

Peruvian people, I am speaking on behalf of our forebears and of the majority sectors, and of him who is not here but who showed me the course to be followed, for we and our sons shall reach that promised land where we shall find bread and freedom.

A few days ago, when I received my credentials, I recalled how much we can learn from the gospel and from the Catholic faith that gives us strength. I recalled Matthew's passage on Christ walking on the water. When the apostles saw him they said: It is a spirit. Peter, who had already been doubtful once, again voiced his doubt and said: Look, if it be Thou, bid me come unto Thee on the water, and he began to walk on the water. However, as he heard the wind blow he was afraid and began sinking. He shouted in distress, and Christ went to him and told him: O thee of little faith, why did you doubt?

I once again appeal to the Peruvian's unyielding determination, because at this momentous time we must build our future with our faith. We will begin a process of transformation and solidarity in which all of us should share our health. First and foremost, however, I expect an effort and a miracle of faith from all Peruvians.

Peruvian people, my campaign was an expression of hope. I ask you to help me undertake from the government an action of faith in support of freedom, revolution, and justice.

We are going through difficult times, but we will overcome them. If we must bear under the crisis for an additional time, I can assure you I can assure you that it will not be because we will maintain injustice but because we will build something great in the eyes of history; it will be because we will give bread and freedom to all homes, to the homes that are full of hope, and to the old huts of peasants, who have entrusted me with this mission.

Therefore, we will someday overcome misery and pain, and there will no longer be people inside prisons, insecurity, anxious mothers, and hungry children.

Until that time arrives, until the victory of a revolutionary transformation gives each Peruvian his legitimate share of the nation, I ask for faith, work, and determination.

I announce that we will be the masters of our future. This is my commitment, which I will fulfill at the expense of my own life. Thank you very much. [applause]

GARCIA SWORN IN AS COMMANDER IN CHIEF

PY282227 Lima Domestic Service in Spanish 2152 GMT 28 Jul 85

[Remarks by President Alan Garcia to the Armed Forces after being sworn in as commander in chief of the Armed Forces, from the Plaza de Armas in Lima -- live]

[Text] Commanding generals, officers, cadets, support personnel, noncommissioned officers, and troops: I am addressing you as your commander in chief to convey to you the pleasure of knowing that the Armed Forces of our fatherland represented by you are well prepared to fulfill their sacred constitutional duty.

I exhort you to continue to faithfully fulfill your highly technical tasks to successfully confront the emergencies that may threaten the security of the fatherland, and to participate as you have always one in the activities of national development. This is how you will continue to be the dignified heirs of Grau, Bolognesi, Quinones, and Caceres and become the legitimate and real defenders of the fatherland in which all Peruvians have complete confidence.

Soldiers, airmen, sailors, long live Peru!

New Cabinet Ministers Sworn In

PY290109 [Editorial Report] Lima Domestic Service in Spanish at 2309 GMT on 28 July 1985, carries live coverage of the swearing in ceremony of the new Cabinet of Peruvian President Alan Garcia from the Government Palace.

An unidentified official reads the decree by which Luis Alva Castro is named president of the Council of Ministers and minister of economy and finance. Luis Alva Castro is then sworn in.

Another decree is then read by which the remaining members of the Cabinet are appointed. The members of the Cabinet are then sworn in in the following order:

Alan Wagner Tizon, Minister of Foreign Relations
Abel Salinas Izaguirre, Minister of Interior
Luis Gonzalez Posada (Eizaguirre), Minister of Justice
Army Division General Jorge Flores Torres, Minister of War
Vice Admiral Julio Pacheco Concha, Minister of the Navy
Grover Pango Vildoso, Minister of Education
David Tejada de Rivero, Minister of Health
General Jose Guerra Lorenzetti, Minister of Aeronautics
Mario Barturen Duenas, Minister of Agriculture
Carlos Blancas Bustamante, Minister of Labor and Social Relations
Luis Bedoya Velez, Minister of Housing
Jose Murgia Zannier, Minister of Transportation and Communications
Wilfredo Huayta Nunez, Minister of Energy and Mines
Jose Palomino Roedel, Minister of Fisheries
Cesar Atala Nazzari, Minister of Commerce, Tourism, and Integration

Another decree is read by which the following officials are appointed:

Javier Tantalean Arbulu, Chief of the National Planning Institute
Alfredo Tello Salavarría, Presidential Adviser, who was not sworn in because he is ill.
Hugo Otero, Presidential Adviser
Hector Delgado Parker, Presidential Adviser

Congress Chamber Presidents Sworn In

PY271906 Lima Televisora Lima in Spanish 0400 GMT 27 Jul 85

[Text] The two chambers of Congress have elected their leaders. Luis Alberto Sanchez has taken the oath as Senate president, and Luis Negreiros has been sworn in as president of the Chamber of Deputies.

CAPITAL PLACED UNDER MILITARY POLICE CONTROL

PY261941 Santiago Domestic Service in Spanish 1730 GMT 26 Jul 85

[Excerpt] Lima has been placed under strict military and police control in the wake of the attack perpetrated yesterday outside the Interior Ministry, in the San Isidro district, where a car loaded with 50 dynamite sticks destroyed 11 other cars and caused major damage to public buildings. Thus the Lima downtown area, where most public buildings are located, has been declared a restricted area for both pedestrians and vehicles. At this time, when the first foreign official delegations are beginning to arrive to attend President-elect Alan Garcia's inauguration, the Peruvian capital is under the command of General Sinécio Jarama, commander of the II Corps.

LAWYER'S HOME TARGET OF BOMB ATTACK IN LIMA

PY271612 Paris AFP in Spanish 1004 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- According to police sources, a bomb exploded tonight in the study of lawyer Elias La Rosa, who is a deputy elected by the Popular Christian Party. There were no casualties, but the explosion broke windows in the house, as well as in nearby buildings. This was the second attack to take place in Lima today, when only 48 hours remain before Alan Garcia, the new president, is inaugurated.

POLICE THWART PLANS TO BOMB AIRPORT, PORT

PY271752 Paris AFP in Spanish 1603 GMT 27 Jul 85

[Text] Lima, 27 Jul (AFP) -- Today Lima police disclosed that a new terrorist plan has been thwarted just before the transfer of presidential power in Peru, thanks to the timely action of the police forces. The terrorist plan included placing car bombs at the international airport and attacks on strategic points. In surprise operations yesterday, 26 July, combined police forces captured five subversives who had in their possession a veritable arsenal of dynamite, submachine guns, munitions and even a mortar with which they intended to attack strategic points in the neighboring port of Callao and at the international airport, the source explained.

Yesterday morning's capture of terrorist Gustavo Escobedo in a street in Callao, by policemen disguised as street vendors, uncovered the new guerrilla targets. An Argentine-made FMK machine gun, several cartridge punches, three ammunition boxes, and 50 dynamite sticks were found in his suitcase. According to police sources, the detained Escobedo confessed that the material was to be used to prepare a car bomb to be parked at the airport, where invited personalities are arriving for tomorrow's power transfer ceremonies. It was also disclosed that the plan included attacks on the Carment de la Legua police station, the Military Industries plant, the port, and the railway linking Lima with the country's central region.

In the same operation, four other subversives were captured near the Indumil plant. They were traveling in a car they had recently stolen, and three submachine guns, a mortar, and a large quantity of dynamite were found in the vehicle. The subversives disclosed that they intended to attack strategic points and place another car bomb in the Plaza Bolivar in front of the Congress Palace, where the new president will assume power on Sunday.

The Peruvian capital, which has become the focus of world attention because of the power transfer ceremonies, has also become a sort of city besieged because of the unprecedented security measures that have left Lima inaccessible to both pedestrians and vehicles. About 50,000 policemen with light tanks, patrol cars, mounted police and police dogs constantly patrol the city, and security has also been reinforced with expert marksmen in strategic places. To this huge police deployment will be added air surveillance with helicopter gunships as of today.

General Cesar Enrico Praeli, the president of the Armed Forces Joint Command, pointed out that terrorist elements have infiltrated not only in the Armed Forces but also in the Interior Ministry and other portfolios. General Enrico Praeli said last night that the situation is serious and the unfortunately it is difficult to find these individuals whose intention is to tarnish our image abroad. General Enrico Praeli condemned the attack carried out on 25 July when a car bomb exploded in front of the Interior Ministry injuring three people and destroying several cars. In relation to this attack the police revealed that seven suspects have been arrested.

Cardinal Juan Landazuri called for the unity of the Peruvian family at this time of crisis and violence and urged that personal or party interest not for the good of the country be put aside.

In a message on the 164th Peruvian independence anniversary and the transfer of power, the cardinal said that the nation is going through a very serious economic, social, and moral crisis worsened by violence, destruction, and death.

BOMB EXPLODES NEAR JOINT STAFF HEADQUARTERS

PY280050 Paris AFP in Spanish 0028 GMT 28 Jul 85

[Text] Lima, 27 Jul (AFP) -- Police have confirmed that a bomb exploded tonight in the rear part of the Peruvian Armed Forces Joint Staff Headquarters here, causing slight material damages. This is the first attack today, and it occurred shortly after the arrival in Peru of six chiefs of state and numerous official delegations that will attend the inauguration ceremony of new Peruvian President Alan Garcia tomorrow.

The Armed Forces Joint Staff Headquarters is located on the second block of Petit Thouars Avenue, some 200 meters away from the Argentine Embassy and some 20 blocks from the center of Lima. The National Defense Secretariat is located in this same building, which is some 5 blocks away from the Sheraton Hotel, where some official foreign delegations are staying. The police said that the explosion took place at approximately 2330 GMT. Although the police had no immediate information on the perpetrators, it was asserted that the device does not seem to have been a powerful one.

More on Bombing

PY280326 Paris AFP in Spanish 0238 GMT 28 Jul 85

[Excerpts] Lima, 27 Jul (AFP) -- A car bomb with 8 to 10 kg of dynamite exploded this evening at rear of the Peruvian Armed Forces Joint Staff Headquarters. According to the Antiterrorist Directorate, this explosion took place shortly before some high-tension pylons were blown up causing a partial power outage in Lima.

The attacks, which also left some sectors of the northern towns of Trujillo and Huaraz without electricity, were perpetrated shortly after 2330 GMT, only a few hours before Social Democrat Alan Garcia takes over the government. Police confirmed eight dynamite sticks exploded this evening in the offices of the Junin Development Corporation in Huancaayo City, 312 km east of Lima. This explosion injured two youths and caused considerable property damage.

The attacks occurred while the Argentine, Bolivian, Colombian, Uruguayan, Panamanian, and Dominican presidents and about 100 ministers and high-ranking foreign officials attended a reception at Government Palace given by outgoing President Fernando Belaunde Terry. Police said the explosion of the car bomb set off tonight by still-unidentified terrorists was not as powerful as the one that exploded last Thursday, 25 July, in front of the parking lot of the interior ministry damaging some 20 vehicles and injuring a member of the Republican Guard.

The self-styled Tupac Amaru Revolutionary Movement (MRTA) claimed responsibility for the first attack and asserted that it had triggered the 50 kgs of dynamite with a remote-control system. Because of the official ceremonies marking the transfer of government tomorrow, Sunday 28 July, the pertinent authorities have launched unprecedented security measures that give Lima a virtual state-of-siege atmosphere. According to government authorities, strict vigilance over the electricity system, which is connected to an emergency system, has prevented long-lasting power cuts so far.

Circulation of pedestrians and vehicles in the areas surrounding the Presidential Palace and the Legislative Palace has been restricted. Most downtown Lima streets have been closed off with barricades that are guarded by heavily-armed policemen while sharpshooters are posted on the tops of buildings.

MRTA INTERRUPTS BROADCAST OF BELAUNDE'S SPEECH

PY281800 Buenos Aires TELAM in Spanish 1725 GMT 28 Jul 85

[Text] Lima, 28 Jul (TELAM) -- Peruvian extremists of the Tupac Amaru Revolutionary Movement (MRTA) today interfered with a television station broadcast of the last speech to the nation delivered in the Peruvian Congress by outgoing President Fernando Belaunde Terry. The interference of Lima Channel 5 lasted approximately 7 minutes and was monitored by viewers in a Lima sector between 1640 and 1647 GMT, witnesses said. A voice that interrupted Belaunde's speech and identified himself as speaking for the 4 November Radio Station warned that although the incumbent government is leaving, there is little hope that the situation will change under incoming President Alan Garcia Perez.

PRESIDENT ADDRESSES NATION, PROPOSES ACCORD

PY272037 Montevideo Domestic Service in Spanish 2330 GMT 26 Jul 85

[Address to the nation by President Julio Maria Sanguinetti from the presidential residence in Montevideo, time not given -- recorded]

[Text] Citizens, friends: On the eve of my departure for a brief Latin American tour, I have to report to you on efforts that have been made recently and on the government's viewpoint regarding them. Undoubtedly, we are all worried, even though our viewpoints may differ. Undoubtedly all these events have something in common, they have to do with consolidation of the democratic system which we have reinstated with great effort. This consolidation requires political actions, social peace, and an atmosphere of economic recovery, which stems from improved business and industrial activities, more jobs, and the sustained growth of the purchasing power of the workers and retirees.

It is clear to everyone that these things, which are not isolated and cannot be dealt with separately, require a huge and sustained effort in order to make sure that the results will be lasting and will involve all Uruguayans.

Your president has the moral and political duty to seek the agreement of all Uruguayans for this common endeavor. This was the meaning of 1 March [installation date of the democratic government] and each and every one of you is fully aware of this fact.

This is not the time to take stock of what we have managed to accomplish nor list the things we plan to attain. However, the government does have a clear-cut idea of how this effort must be carried out. We are perfectly aware that it is our right and our duty to maintain our decision to have all political parties, workers, and businessmen participate in this effort.

We are not asking for any unconditional support; we are not asking anyone to give up his position and foresake or lose touch with interests he feels it is right to defend. We do say that it is best for the country that the government retain full responsibility for leadership because otherwise confusion will ensue and nothing good can be expected. The last 12 years have not been spent in vain and I suppose we have all learned our lessons.

In the last few days, we contacted political parties, the workers confederation, and businessmen to somehow implement our project and provide it with an effective framework. The fact that there is a government, an ideology, and a policy means that there is broadmindedness and willingness to accept contributions, suggestions, and even criticism. Thus, in the course of our talks we have stated that the challenge is to come up with a mechanism for coexistence, a conciliatory mechanism capable of making it possible to rule with the necessary consensus, a consensus which, I am sure, the entire nation is calling for.

We have proposed that this national consensus be applied in a simple manner within a political framework. In order to do this, the government herewith commits itself to this purpose; however, political parties, businessmen, and labor unions should also be so committed. To attain this goal, we have come up with three different approaches:

First: There will be a political approach, which encompasses all sectors: the government, the Colorado Party, the National Party, the Broad Front, the Civic Union, the businessmen's union, and the Interunion Worker's Plenum-National Convention of Workers [PIT-CNT]. This would be a consultive approach, in which the government would present and explain its general policies. The other sectors would participate by making contributions, proposals, and criticisms to the policies and their applications.

Second: There will be a preventive approach or spirit which would seek solutions to conflict. Therefore, we propose that the PIT-CNT form specific bodies to detect, examine, and eventually correct any situation that might lead to a confrontation, or any situation that might endanger our national economic recovery or the improvement of the worker's quality of life. The government will obviously support these efforts through the Ministry of Labor and the salary councils, which have recently been working successfully, I understand.

Third: There will be a technical approach in which the instruments needed to implement the policies would be studied. In order to attain this, intersectorial commissions would be formed with a criterion similar to that of the political approach I just described.

This is the basis of our proposal; it is a national consensus proposal that will ensure the ability to rule the country. It is an agreement meant to freshen the spirit of tolerance that enabled us to overcome the de facto regime, an agreement that will restore tranquillity in the labor relations of our people, who know very well that confrontations do not increase production or improve the lives of anyone.

The entire country knows that we have never made threats. It also knows that we have always presented the facts as they are. This is why we currently maintain that we see no other path than to seek an agreement through this formula that we have briefly described or through a similar one leading to the same objective. I insist that we are not going to give up in our quest for a consensus, for an eventual agreement with the people because we owe it to them. In a democracy only the majority has the right to judge.

I also insist that I am not talking about repeating the ideological discussion, because it would be senseless. The country already has a Constitution that was voted on by the people many years ago and which also already defines its democratic and liberal philosophy.

The country is ruled by a government that was also elected by the people and, as a consequence, it must implement the social and economic guidelines that allowed it to come to power. The government will implement its guidelines and those agreements which it opportunely reached with the remaining forces. This government now seeks [words indistinct] as well as an agreement to implement all these guidelines.

It would be a terrible mistake to believe that to seek an agreement means to lose one's identity, that is, that the government, the parties, and social sectors, be they businessmen or workers, will lose their identities. No one can disappear or go unnoticed in a group, and especially not the government, which has no right to do so because it has a duty to govern. For this reason, we are not going to stray, even an inch, from legality and we are not going to allow anyone else to stray, even an inch, from legality.

Friends, the government's term lasts 5 years and it has only been in power for 5 months. Its recovery actions must develop over those 5 years. Therefore, we can no longer pursue this suicidal path seeking immediate solutions. Uruguay must once again focus its actions on the future, rid itself of this narrow-minded attitude in which hastiness replaces reason and slogans replace the true essence of the issues. Let us, therefore, seek an agreement. Let us seek a new agreement.

Fellow citizens, friends, I am leaving tomorrow. We will attend the presidential inauguration in Peru and then travel to Ecuador and Colombia in response to official invitations extended by those friendly countries with whom we have so much in common. In these countries, we will explain the Uruguayan situation and will continue to strengthen ties which are necessary for this democratic Uruguay. Outstanding representatives of the four political parties are accompanying me. I will be absent for 9 days but you all remain in good hands because the government will be taken over by Vice President Enrique Tarigo, in whose ability, honesty, and person the entire country believes and in whom I have full confidence.

For the time being, I submit this proposal for a new agreement to consolidate democracy for the peoples' consideration. I hope it will be favorably received and that this idea and spirit may start to materialize immediately. Goodbye.

SANGUINETTI SENDS MESSAGE TO PERUVIAN PEOPLE

PY261345 Montevideo Radio Carve in Spanish 0000 GMT 26 Jul 85

According to reports datelined Lima, President Julio Maria Sanguinetti has addressed the Peruvian people in a message sent to the Peruvian media in advance of his arrival in that country on 27 July. In his message the Uruguayan president says that the difficult problems Latin America is confronting have strengthened our unity, which is deeply rooted in our history, because it evolved with the birth of our nations. The message adds that the economic hardships and the countless problems our institutions have had to confront have taught us that only in democracy and freedom will our peoples realize their cherished aspirations. The president's message concludes by stating that our common destiny, our traditions, and our future compel us to work jointly for the effective intergration, defending our common values and interests with all our energy.

DELEGATION LEAVES FOR CUBAN DEBT MEETING

PY272140 Paris AFP in Spanish 1530 GMT 27 Jul 85

[Text] Montevideo, 27 Jul (AFP) -- A Uruguayan delegation left today for Havana to attend the foreign debt meeting called by Cuban President Fidel Castro. The delegation is made up of members of three of the four parties represented in Congress, and various other personalities. In the group are General Liber Seregni, president of the Broad Front; the Chamber of Deputy leaders of the National Party and the Civic Union; and University Rector Samuel Lichtenstein. The political parties represented in the delegation won more than 60 percent of the votes in the last Uruguayan elections.

The Havana meeting will last from 30 July to 2 August.

DOMINICAN REPUBLIC'S PRESIDENT DEPARTS FOR PERU

PY271639 Paris AFP in Spanish 1346 GMT 27 Jul 85

[Text] Montevideo, 27 Jul (AFP) -- Salvador Jorge Blanco, the president of the Dominican Republic, today departed Uruguay for Peru, thus ending a visit that began on 25 July. During his visit he met with Uruguayan President Julio Maria Sanguinetti.

During the course of his stay the president of the Dominican Republic carried out a full agenda that included, among other things, a visit to the Uruguayan Congress and meetings with the country's main political leaderships. The dialogue between the two heads of state concluded with the signing of a joint document that contains their agreement regarding world matters and others related to Latin America.

In Peru, the president of the Dominican Republic will participate in the inauguration ceremonies of Peru's President-elect Alan Garcia.

LUSINCHI COMMENTS ON RESULTS OF OPEC MEETING

PA261444 Caracas Television Service in Spanish 0000 GMT 26 Jul 85

[Excerpt] President Jaime Lusinchi said today at the Miraflores Palace that the drop in light and heavy crude prices established by OPEC does not in any way indicate that the organization is crumbling. Here is a report by Martin Pacheco:

[Pacheco] The president expressed his view during an informal talk with journalists in the Hall of Mirrors of the presidential palace. The agreement adopted by OPEC by a vote of 10 to 3 was the only topic discussed by the president in his dialogue with the reporters. According to the president, Arab heavy crude, the price of which was reduced by 50 cents a barrel, is equivalent to the Venezuelan medium crude known as the Tijuana type. In this regard, Lusinchi said this would have a very slight effect on Venezuela, because most of this type of petroleum is exported by Venezuela as by-products and not as crude petroleum. The president said that the environment in Geneva was one of solidarity and constructive. Although Libya, Algeria, and Iran ~~voted against~~ the decision, it will be maintained; this is not the first time a decision has been adopted by OPEC without an absolute majority. In any case, as soon as the OPEC decision was learned, acting Energy and Mines Minister Hernan Anzola went to the Miraflores Palace to meet with directors of Venezuelan Petroleum [Petroven] and some affiliate enterprises to make the first technical analyses of the results of the Geneva conference. They also believe that this price drop in light and heavy crudes will not have a marked effect on the national economy. Nevertheless, this is being thoroughly analyzed by high-level technicians.

[Begin Anzola recording] Petroven has been making these analyses for the past few days, but we need to wait for the return of Minister Hernandez Grisanti to see the exact scope of the decision before making a responsible report to the public. [end recording]

A decision of this kind obviously affects the Venezuelan economy, but in any case, according to initial estimates, the effect will be small. The Miraflores meeting indicated that definite figures on how the budget will be affected will be ready in the next few hours.

LUSINCHI SENDS CONGRATULATIONS TO PERU'S GARCIA

PA280414 Beunos Aires REUTER in Spanish 1726 GMT 27 Jul 85

[Text] Caracas, 27 Jul (REUTER) -- Venezuelan President Jaime Lusinchi today sent a telegram of congratulations to Alan Garcia, who tomorrow will assume office as the new president of Peru.

"It gives me deep satisfaction to extend to your excellency the warmest message of congratulations on the commemoration of the 164th anniversary of independence of the Republic of Peru," it reads. "I also take the opportunity to reaffirm my most sincere congratulations on the auspicious occasion of your assumption of the Peruvian presidency and wish you the best success in your high office."

A Venezuelan delegation headed by Interior Minister Octavio Lepage left yesterday to attend the inauguration ceremonies.

DE LA MADRID ELIMINATES FEDERAL POSITIONS

PA260137 Mexico City XEW Television Network in Spanish 1300 GMT 25 Jul 85

[Text] In an unprecedented move in the federal government, Mexican President Miguel de la Madrid has eliminated 13 undersecretaries of state, one assistant attorney general's office, 50 general directorates, and several general coordinator offices in various agencies of the federal government. This affects trustworthy employees and takes into consideration the labor rights of common workers. The president also reduced and eliminated advisorships for high-ranking officials. He further reduced various expenses in secretariats of state, parastate enterprises, and banks. He ordered the freezing of salaries and all kinds of fringe benefits for secretaries and under secretaries of state, senior officials, and important officials in parastate enterprises and banks. The president cut his own salary by 10 percent.

All of these measures were taken by the president to cope with the country's new economic troubles and will represent an immediate savings of at least 150 billion pesos and a much higher savings in 1986. De la Madrid's decisions regarding the reduction of current operational expenses and new financial and commercial measures were disclosed at the Los Pinos residence by Carlos Salinas de Gortari, planning and budget secretary; Jesus Silva Herzog, finance and public credit secretary; and Hector Hernandez Cervantes, secretary for commerce and industrial development.

Salinas de Gortari said that this new measure to restore the government's finances to normal will not harm investment programs and that food, education, health, and housing programs in particular are protected.

[Begin recording] [Salinas de Gortari] These decisions mainly concern the upper levels of the public administration and current expenses by protecting investments and social expenses in such a manner that it is the government itself that channels the productivity and saving efforts the nation requires to cope with the new adverse effects of the economy effectively, firmly, and democratically. By acting in a radical way, reducing bureaucratic positions, effecting savings, and improving efficiency the government sets the example, admits mistakes, makes timely decisions, carries out actions to correct these mistakes, and bases future actions on the results achieved. The government acts in a positive, determined way. [end recording]

Salinas de Gortari announced that in 30 days measures will be adopted so that the parastate enterprises can also reduce their operational expenses. In addition, it was decided to cancel 20 percent of the funds earmarked for travel, telephone, and entertainment allowances, such as official's meals. The cost of Mexico's diplomatic representations abroad will also be analyzed in order to lower it.

It was reported that De la Madrid has already received and accepted the resignations of the undersecretaries whose positions are being eliminated with those of other government officials. In the Foreign Relations Secretariat, the Undersecretariat for Economic Affairs was eliminated. The Undersecretariat for Fiscal Inspection and Execution was eliminated from the Finance and Public Credit Secretariat. In the Commerce and Industrial Development Secretariat, the Undersecretariat for Regulation and Supplies and the Industrial and Commercial Planning Undersecretariat were eliminated. In the Agriculture and Water Resources Secretariat, the Agriculture, Livestock, and Forestry Undersecretariats now form a single secretariat. The Sports Undersecretariat was eliminated from the Education Secretariat. In the Health and Public Assistance Secretariat, the Sanitation Regulation Undersecretariat has been eliminated. In the Agrarian Reform Secretariat, the Undersecretariat for Planning and Infrastructure has been eliminated.

In the Tourism Secretariat, the Planning Undersecretariat has been eliminated. In the Fisheries Secretariat, the Fishing Development Undersecretariat has been eliminated, and the Undersecretariat for Budget Integration has been eliminated from the Planning and Budget Secretariat. The other secretariats of state have been affected only at the coordinator and general director offices level. In addition, the Secretariats General for Urban Development and Ecology and Planning and Budget have been eliminated in Mexico City.

The officials urged the society to assist the government's effort to combat the crisis that is aggravated due to adverse situations in both the national and international economies. For this reason, it was announced that the problem will be tackled from all sides. Hernandez announced a new import policy to combat the lack of competitiveness and productivity in the national industry. As of today, most of the foreign products are released from the import license previously required. This permission has been replaced by a tariff or tax paid for the purchase of commodities manufactured abroad. Nevertheless, 909 products will still require an import license, mainly basic agricultural products, assembly materials for the automotive industry, basic raw materials for the manufacture of medicines, and others.

The Commerce Secretariat announced that as of today import tax rates are modified. They were published this morning in the federal newspaper, including those for tax exempt products, fertilizers and seeds, and those nonpriority products that must pay 50 percent of their value as a tax. Hernandez said the protectionist policies represented by import taxes facilitated price abuses that affected both industry and consumers. This is why a commercial policy of both national and international competitiveness is convenient. He said the substitution of adequate tariffs for import licenses will make Mexico more competitive abroad, since the country's development requires a large supply of imported products and raw materials. In this way, we protect our system of production and strengthen its export abilities.

[Begin recording] [Hernandez] The elimination of import licenses helps simplify the administration. In addition, the federal government will be benefited by an increased collection of import taxes. This will also help reduce the budget deficit. This action benefits all economic sectors. [end recording]

FOREIGN SECRETARY VIEWS TALKS WITH SHULTZ

PA272318 Mexico City XEW Television Network in Spanish 1300 GMT 27 Jul 85

[Text] In Latin American countries, there is a fervent desire for the renewal of the Manzanillo dialogue between Nicaragua and the United States, which was suspended in January. In Central America, a process of negotiation is considerably more useful than process of confrontation. These remarks were made by Mexican Foreign Secretary Bernardo Sepulveda Amor. Three hours earlier, U.S. Secretary of State George Shultz said he did not believe it would be useful to renew a dialogue in which Nicaragua would undermine the Contadora action. Shultz set as a condition an internal reconciliation in Nicaragua with the mediation of the church.

Nevertheless, Sepulveda Amor reiterated that in talks with Shultz, the U.S. secretary of state mentioned that his government plans to begin a series of consultations with other Latin American governments on whether to renew talks with Managua. The cancellation of the dialogue is not useful nor does it help Contadora's peace process, Sepulveda Amor reiterated. The Mexican foreign secretary confirmed that a visit by President Ronald Reagan had been planned for August, but unforeseen circumstances such as his illness and recent surgery forced postponement of his meeting with Mexican President Miguel de la Madrid. This meeting might be held at the end of 1985.

The Mexican foreign secretary listed the topics discussed by the Mexican and U.S. delegations in their fifth bilateral meeting. They ranged from a U.S. promise to promote Senate approval of a territorial and sea limits treaty, antipollution measures in border areas, increase in trade, and the need for regional agreements on conservation and exploitation of tuna to international affairs with special emphasis on Central American conflicts.

He said the talks were held in a cordial atmosphere and both sides were satisfied with the results. The governments agreed to advance on specific bilateral issues in a favorable political atmosphere. Nevertheless, the Mexican foreign secretary did admit there are difficult areas in the relations. According to Sepulveda Amor, U.S. officials said they do not want constant economic stagnation to reoccur in Latin America, because periods of prolonged austerity would harm the regional system and all countries.

U.S. Secretary of State George Shultz left for California after having breakfast with Mexican Finance Secretary Jesus Silva Herzog.

ENERGY SECRETARY COMMENTS ON OPEC MEETING

PA271916 Mexico City XHDF Television Network in Spanish 1955 GMT 26 Jul 85

[Report by Francisco de Lasota]

[Text] Francisco Labastida Ochoa, secretary of energy, mines, and parastate industry, returned to Mexico today after attending the 74th ordinary meeting of OPEC held in Geneva. Mexico attended the meeting as an observer. At the meeting the Mexican secretary found the solidarity and support that OPEC offers Mexico during these difficult times. His presence at the meeting was described as very important for the organization. Dr Subroto, Indonesian mining and energy minister, stressed the importance the role Mexico plays in attempts to stabilize the world's oil market. In the communique issued at the end of the meeting, the organization expressed its appreciation for Mexico's support.

At the meeting Labastida Ochoa asked for more effective cooperation from the countries that are not OPEC members and oil consumers in an attempt to achieve the recovery of the oil market. During the meeting and in talks with several ministers Labastida said that OPEC is losing control of the oil market because its participation in the total exports of the product has gradually decreased.

EXPORT OIL PRICES TO REMAIN UNCHANGED

FL1271812* Mexico City NOTIMEX in Spanish 1710 GMT 27 Jul 85

[Text] Mexico City, 27 Jul (NOTIMEX) -- The Oil Foreign Trade Committee (COCEP) has reported that Pemex export crude prices will not change. The group indicated that August export prices will be as follows: Isthmus, \$26.75 and Maya, \$23.50 for Latin America; Isthmus, \$26.50 and Maya \$23.00 for the Far East; Isthmus, \$26.25 and Maya \$22.50 for Europe. The committee, presided over by Pemex Director Mario Ramon Beteta and composed of the Secretariat of Energy, Mines, and Parastatal Industry (SEMIP), Commerce and Industrial Development, Finance and Public Credit, Foreign Relations, and Programming and Budget, said that the unchanged export crude prices does not affect the country's economy.

POLICE DISCOVER DRUG LABORATORY NEAR TIJUANA

FL270323 Mexico City NOTIMEX in Spanish 0230 GMT 27 Jul 85

[Text] Tijuana, Mexico, 26 Jul (NOTIMEX) -- The state's judicial police have discovered the largest drug laboratory in the country's history and have detained six drug traffickers, Police Chief Alfredo Resendiz Murrieta has announced.

During the operation, police seized over 9 kg of a substance known as nethaphitamine, which is used by drug traffickers to increase the weight and volume of both cocaine and heroine. Its black market value is 450 million pesos.

The laboratory had been installed in Ranch Villa San Jose, on km 29 of the Tijuana-Tecate road. The agents managed to detain owner Guillermo Niebla Bueno, who provided data that led to the detention of Italian-U.S. citizen Dominique Espozito, who was found in possession of the 9 kg of nethaphitamine. Espozito was detained in Rosarito, on the Tijuana-Ensenada road, where policemen also captured Alfredo Hernandez Lugo, Espozito's brother-in-law, and U.S. citizens Richard Anthony Darne, Bruce Allen Ross, and Randolph Preston Wynn, presumably the drug buyers.

According to the police chief, Ross and Wynn had \$200,000 on them to pay for a drug shipment already received in El Cajon, California.

The laboratory discovered, which had four large containers, could process over 200 kg of drugs per month. Police also seized 12 vehicles of various makes and kinds.

According to Resendiz Murrieta, the case was immediately turned over to the federal authorities -- as these are federal crimes -- so charges can be brought against the detainees and the investigations can continue.

In another case, agents detained two Americans who were trying to cross into the United States, carrying drugs in their vehicle's tires. After their detention, police managed to dismantle a drug-trafficking ring that had been operating in the state for at least 10 months. According to the initial investigations, they had already managed to introduce four shipments worth approximately 1.8 billion pesos into the United States.

Apparently both cases are connected and this is really an international organization with ramifications in the United States, Mexico, and South America, federal judicial policemen believe.

PRESIDENT LEAVES FOR PERUVIAN INAUGURAL CEREMONY

PA281354 Panama City Televisora Nacional in Spanish 0000 GMT 28 Jul 85

[Text] President Dr Nicolas Ardito Barletta left this morning for Peru to attend the inauguration of the new Peruvian president, Dr Alan Gracia Perez. The Panamanian chief of state will meet with Argentine President Dr Raul Alfonsin today, with whom he will discuss topics related to the effort underway by the Latin American nations to improve their economic situation and strengthen their democratic systems.

Dr Ardito Barletta will also meet privately with other Latin American presidents who will participate in the Peruvian ceremonies. Some of the topics to be discussed include Contadora, the Latin American situation, the foreign debt, negotiations with the IMF and the World Bank, and relations the United States maintains with Latin America.

The presidential delegation includes the foreign minister, Dr Jorge Abadia Arias, legislator Tomas Altamirano Duque, and the Panamanian ambassador in Peru, Bertram Cerrud. The official spokesman of the state, Migdalia Fuentes de Pineda, the president's private secretary, Luis Barletta, and Captain Juan Antonio Guizado, the president's aide-de-camp, are also members of the delegation. The president was accompanied to the air force terminal by the first and second vice presidents, Eric Arturo Delvalle, and Dr Roderick Esquivel, respectively, several cabinet members, and other special guests. President Ardito Barletta will return to Panama Monday, 29 July.

CONEP, OTHERS REACT TO CASTRO INVITATION

CONEP Rejection

PA260227 Panama City LA ESTRELLA DE PANAMA in Spanish 23 Jul 85 p 1 A

[Article by Edmundo Dante Dolphy]

[Text] Because of basically opposing ideological positions, the 31 member-organizations of the National Council of Private Enterprise (CONEP), unanimously rejected an invitation extended by Fidel Castro, president of the Cuban Councils of State and Ministers, to analyze the Latin American foreign debt "with no pre-established document and no attempt to reach agreements or set conditions."

In a session on Thursday, the CONEP president presented the invitation extended by the Cuban Government to all the members. The meeting called by Castro at a continental level is intended to analyze the Latin American problems which, according to him, will not be solved by the capitalist countries, even if there is an improvement in their economies.

In his invitation, Fidel Castro points out that if the situation in the area worsens, national movements will emerge; thus, a new international economic order is required.

That is precisely the factor that was harshly criticized by the CONEP members, who noted that the situation is highly controversial, because Castro, who rejects capitalism and put an end to private enterprise in Cuba, has summoned the entrepreneurs that he intends to destroy. The representatives of the private sector made very pointed statements in this regard. They believe that this is another maneuver of Cuban communism to create confusion by taking advantage of private enterprise leaders to accentuate its campaign against freedom.

The CONEP representatives voted to publicly decline the invitation. CONEP Vice President Roberto Roy emphatically pointed out in this respect that "one cannot be irresponsible or welsh on one's debts."

Former Leaders Attend

PA290345 Panama City LA REPUBLICA in Spanish 28 Jul 85 p 4 A

["The Reporters' Notebook" column]

[Excerpt] The Havana, Cuba, meeting on the Latin American debt, which has no agenda, will begin on 30 July with the estimated attendance of 300 prominent figures, including former presidents, political leaders, businessmen, and churchmen of 30 Latin American countries. Former Panamanian Presidents Aristides Royo, Ricardo de la Espriella, and Jorge Illueca will attend.

CANAL COMMISSION MEMBER VIEWS PERSONNEL POLICY

PA270441 Panama City Televisora Nacional in Spanish 0000 GMT 27 Jul 85

[Remarks by Oyden Ortega, member of the Panama Canal Commission Board of Directors; place, date not given -- recorded]

[Text] One positive aspect [of Panama Canal employment practices] is that Panama's recommendations are now getting more attention. However, there are still two main problems: one is that not enough Panamanians are being hired and the other is that Panamanians are not getting top administrative jobs. I do recognize that some progress has been made since 1979. From 69 percent Panamanian personnel, this has been increased to 80 percent.

However, we have not made much progress in getting Panamanians into top administrative posts in the Canal Commission. Panamanians are not being hired to occupy those posts. Most of the permanent positions vacated by U.S. citizens are not being filled by Panamanians. Sometimes these positions remain vacant instead of hiring a Panamanian to take over the job.

Panama has insisted that personnel regulations comply with the Canal Treaties, which, among other things, establishes that the number of Panamanians working for the Canal Commission should keep increasing.

COSTA RICASANDINISTS VIOLATE AIRSPACE, FIRE ON TERRITORY

PA261935 San Jose Radio Impacto in Spanish 1857 GMT 26 Jul 85

[Text] Three Sandinist push-and-pull airplanes flew over the area of Barra del Colorado for 10 minutes today and fired bursts of machine-gun fire against Costa Rican territory. Maritza Briones, a local resident, reported that the overflight took place 20 minutes ago and that the authorities of the Atlantic Command have been informed of the attack so they can send aid. She said that the invading planes left in the direction of Agua Dulce and that the sound of their engines can still be heard. She said that the area residents fear a new attack.

Further on Violation

PA270240 San Jose Radio Reloj in Spanish 0003 GMT 27 Jul 85

[Text] An estimated three airplanes and one helicopter of the Sandinist Air Force violated Costa Rican airspace at noon today. Civil [words indistinct] Colonel Lesmos Chavez reported that the aircraft were flying over Nicaraguan territory in the direction of the Costa Rican border posts strewn along the border from the mouth of the San Juan River to the Agua Dulce Lake. At approximately 1200 two small aircraft, one large one, and one helicopter violated Costa Rican airspace, flying over the Barra del Colorado area.

Costa Rican Public Security Minister Benjamin Piza Carranza revealed that civil guardsmen posted at various border posts opened fire on the Sandinist aircraft as soon as these crossed into Costa Rica. It is estimated that the planes entered 10 km into Costa Rican territory, Colonel Jorge Cedeno, chief of the Atlantic Command alerted the authorities at the Public Security Ministry, which reported that there are 17 border posts in the area, beginning with one at the mouth of the San Carlos River to [words indistinct] have been reinforced.

After Col Jorge Cedeno alerted the authorities, Civil Guard Director Colonel Oscar Vidal left for the site of the airspace violations to evaluate the situation. Barra del Colorado residents initially reported that the Sandinist aircraft dropped bombs on the Costa Rican territory. [passage indistinct]

Plane Possibly Downed

PA270248 Paris AFP in Spanish 0010 GMT 27 Jul 85

[Text] San Jose, 26 Jul (AFP) -- According to police sources, the Civil Guard of Costa Rica may have shot down a Sandinist Air Force plane, which bombed the Barra del Colorado sector on Friday morning. The chief of the Atlantic Command, Colonel Jorge Cedeno, affirmed that one of three Nicaraguan planes that participated in the attack was hit by Civil Guard antiaircraft fire, caught fire, and plunged toward the ground.

The official said that Sandinist planes had entered Costa Rican territory several times throughout the morning and that in one of those instances, Civil Guard patrols were able to hit one of the planes with a .50 cal machinegun.

"We saw when we hit it, and it plummeted toward the mountain, in the Delta sector, leaving a trail of smoke behind," said Cedenó, adding that the police started a search of the area, to see if the plane had fallen on Costa Rican territory.

Elsewhere, Cedenó affirmed that last Monday, another Sandinist plane was hit by anti-aircraft fire from the Civil Guard. That story seemed to coincide with reports from residents of Boca Sarapiquí sector, who claimed to have seen a plane fall that day, but who didn't know if it had been hit by the Democratic Revolutionary Alliance [ARDE] guerrillas operating in that sector or by the Civil Guard.

On the attack this Friday at Barra del Colorado, residents said: "The Sandinist planes fired machine-gun bursts and rockets along the river, without causing much damage. The sector of the San Juan River between Boca Sarapiquí and Barra del Colorado became an ARDE guerrilla stronghold after the Sandinist Army gained control of the area from La Penca to the San Carlos sector, near the big Lake of Nicaragua last month. Today's attack was reportedly aimed against the vicinity of the San Juan River where a field hospital is presumably treating Commander Cero, Eden Pastora, following his helicopter accident last Tuesday.

Civil Guard Chief on Violation

PA280140 San Jose Radio Impacto in Spanish 1835 GMT 27 Jul 85

[Excerpts] [Words indistinct] of the undeclared war between our country and Nicaragua is taking place, Costa Rican Civil Guard Director Colonel Oscar Vidal said: Aggression by the Sandinist Peoples Army [EPS] has entered a new phase. The incursion by the four push-and-pull aircraft into Costa Rican territory is [word indistinct], Vidal added. The craft flew approximately 15 km into Costa Rican airspace. One of them was hit by shots from a Costa Rican Civil Guard special artillery unit stationed in that area, Vidal said. This is what Col Vidal had to say about this new development:

[Begin recording] I believe that the degree of [word indistinct] and aggression of the Sandinists has entered a new phase. This time they attacked knowing that it was a Civil Guard position. However, it is 14 km from the border... [changes thought] and with rockets. I have proof, evidence gathered at the site, including the craters or the rockets' impact areas -- 75 meters from our position. The (?civil guardsmen) [words indistinct] (?were unharmed) because their positions are well protected.

I see this as the beginning of an undeclared war between us and the Nicaraguans, because they are being disrespectful of sovereignty. The degree of aggression has prompted us to reinforce our positions. Here are more decisive instructions in connection with any reappearance of aircraft in Costa Rican airspace: to open fire and see if we can gain respect for Costa Rica's airspace and sovereignty once and for all, which has been trampled by them for a long time in the belief that we only maintain observation positions.

This action appears to be a reprisal for a similar action on 22 July near the mouth of Sarapiquí River, where these gentlemen crossed into Costa Rican territory to assume better shooting positions to attack [words indistinct] on the Nicaraguan side of the (?San Juan River). Our artillery was (?also trained) and on that occasion we were able to confirm that one of the planes was hit. It probably (?crashed) in Nicaraguan territory. [Words indistinct] cannot be verified. All I can say is that it was hit by our artillery. This made Commander Ortega angry and prompted him to say that the Civil Guard was covering the counterrevolution's actions by attacking the Sandinist forces. [end recording]

That was Col Vidal explaining the latest Sandinist violation of our sovereignty. The investigation in the area will continue. Attempts are being made to reach the presumed crash site of the aircraft and thus gather evidence to present before the Sandinist commanders. The aircraft flew over the area of Barra del Colorado at noon yesterday. According to Col Vidal's investigations, nearby residents saw the aircraft shot down by the artillery unit stationed at the "Condor-5" Base, at the entrance of Tortuguero fall to the ground. Reinforcements were sent yesterday to comb the area. Tranquillity now reigns in the area.

FOREIGN MINISTER TO ATTEND PERUVIAN INAUGURATION

PA260106 San Jose Radio Impacto in Spanish 1830 GMT 25 Jul 85

[Text] Foreign Minister Carlos Jose Gutierrez is leaving tomorrow for Peru to attend President-elect Alan Garcia's inauguration. The other members of the official Costa Rican delegation are: Danilo Jimenez, minister of the presidency, and Deputy Carlos Rivera Bianchini, of the National Liberation Party. Although Gutierrez did not discard the possibility of holding a meeting with President-elect Garcia, he said that during this kind of ceremony it is difficult to hold a private meeting. What we are looking forward to is holding a meeting with the Peruvian foreign minister to get to know him personally, Gutierrez said.

Leaves for Lima

PA261958 San Jose Radio Impacto in Spanish 1830 GMT 26 Jul 85

[Text] Foreign Minister Carlos Jose Gutierrez has ruled out the possibility of a meeting with the Contadora Group foreign ministers during the inauguration of Peruvian President-elect Alan Garcia. He said that not all of the Contadora foreign ministers will be in Lima. Some, like Colombian Foreign Minister Augusto Ramirez Ocampo, will be unable to go. The Colombian Constitution establishes that when the president leaves the country, the foreign minister is acting president. Regarding bilateral talks with Nicaragua, Gutierrez indicated that Costa Rica has already set its conditions and rules of the game, and meetings cannot be held without fulfilling them. Foreign Minister Gutierrez and the rest of the Costa Rican delegation left for Lima this morning.

EL SALVADOR

DEPUTY FOREIGN MINISTER ON RELATIONS WITH HONDURAS

PA281828 San Salvador Radio Cadena YSU in Spanish 1800 GMT 26 Jul 85

[Interview with Deputy Foreign Minister Ricardo Acevedo Peralta at the Foreign Ministry by unidentified questioner on 25 July -- recorded]

[Text] [Reporter] We are at the Foreign Ministry. Here is Dr Ricardo Acevedo Peralta, deputy foreign minister. Doctor, what is the Foreign Ministry's stance regarding statements by Honduran Foreign Secretary Edgardo Paz Barnica to the Honduran press saying that there is at present a very serious diplomatic and political crisis between El Salvador and Honduras?

[Acevedo] I will gladly report to the Salvadoran people on this matter that concerns our public. To tell the truth, there have been some disagreements between El Salvador and Honduras along the border, specifically in the areas under dispute.

We have been patrolling the border over the past few days. This is part of the military operations being carried out. Generally speaking, relations between the two countries have been acceptable. Some protests have been filed. Unfortunately, I must say these protest notes have been unduly publicized in Honduras. This has aggravated the situation. An exchange of diplomatic notes has occurred. This is the proper channel to present complaints. It is not necessary to report to the people on this exchange between two countries sharing common borders, much less to present it as an indication that relations between the two sister nations are deteriorating. As I said before, the relations are acceptable. I think the press has exaggerated the facts.

[Reporter] Should the Contadora Group fail in this new pacification effort for Central America, what would El Salvador's course be considering the tension with Nicaragua?

[Acevedo] We have been trying to resume talks within the Contadora Group. The Group's deputy foreign ministers plan to tour Central America shortly to consider the situation. El Salvador has always supported and will continue to support the Contadora Group's initiative. We would be glad to see Nicaragua agree to resume the talks that were interrupted in Panama City 2 months ago and discuss the agenda prepared on that date. I believe resuming the Contadora Group's initiative would be a most positive step.

[Reporter] Among other things, Doctor, what steps have been taken by the Foreign Ministry for the FMLN guerrillas to release the 17 mayors kidnapped in the country's east?

[Acevedo] This is an internal matter. It is up to other ministries and departments to negotiate such matters. Since this is not an international problem, the Foreign Ministry has not taken any step in this direction. Other authorities are in charge of dealing with this delicate problem. Nevertheless, we hereby take this opportunity to appeal for harmony, peace, and calm. We appeal to the groups up in arms to accept a dialogue, our democratic system, and the current government process.

[Reporter] Finally, Doctor, when will Rodolfo Antonio Castillo Claramount, the vice president and the foreign minister, return from South America?

[Acevedo] I understand the vice president will visit Lima and Buenos Aires and will be back after the August vacation. As I said yesterday, I think this is an important trip because he will be able to present our democratic process and our achievements so far during this year to two South American democracies.

[Reporter] Thank you very much for your statements.

GUATEMALA

GOVERNMENT ANNOUNCES INCREASE IN FUEL PRICES

PA262242 Guatemala City Radio-Television Guatemala in Spanish 0300 GMT 26 Jul 85

[Text] This afternoon Alejandro Contreras Bonilla, Guatemalan mines and energy minister, informed the representatives of the companies involved in the purchase and sale of fuel of the government's decision to increase the price of fuel. However, the amount of the increase is still pending.

[Begin recording] The only question they asked was in regard to the policy to be followed on this issue.

I told them this was a political decision made by the economic cabinet, and that it is a result of the negotiations the Bank of Guatemala and the Finance Ministry are holding with the IMF. This is a necessary condition for obtaining, within a few months, the financing that will place the government in a better position. [end recording]

The minister said panic should be avoided since these only lead to the irrational use and hoarding of fuel.

[Begin recording] The restriction measures and rationing will continue. It is important for the people to cooperate with us. They are creating an extra problem for us similar to the one we experienced a week ago. One week ago the people tried to purchase as much fuel as possible when they heard that prices would increase. This only aggravated the situation. One person consumes what two people should be consuming. They purchase the fuel and store it. [end recording]

The minister said that an acute shortage of fuel could be felt by September.

[Begin recording] We have already guaranteed the supply for next month. However, because of the deficit the Bank of Guatemala is experiencing in the payment of the oil debt for the month of August, even though it has already pledged 20 percent of the gold, there may be some problems in guaranteeing a few of the shipments due in September. This means that in September we would have less fuel to use. Therefore, as long as we do not foresee a clear solution to the problem, such as receiving the foreign currency for our exports that would cover 3 months of the country's oil supply, there will be no other alternative. [end recording]

HONDURAS

GOVERNMENT PROTESTS SALVADORAN FAES VIOLATIONS

PA270225 San Pedro Sula TIEMPO in Spanish 24 Jul 85 p 3

["Note" from Foreign Secretary Edgardo Paz Barnica to Salvadoran Foreign Minister Rodolfo Castillo Claramount, dated 23 July]

[Text] Sir: I have the honor of addressing Your Excellency to inform you of violations of national sovereignty perpetrated by the Salvadoran Armed Forces (FAES) during the last 2 weeks of the month of June of this year which, in summary, are as follows:

- a) On 14 June, the Salvadoran Army began bombing guerrillas presumably located in Naguaterique Valley.
- b) On 18 June, a 10th Infantry Battalion patrol, stationed in Sabanetas, unexpectedly came into contact with 30 men from a reconnaissance platoon of the FAES Arce Battalion in the Bailaderos sector, inside Honduran territory. The platoon was under the command of a second lieutenant named Roque.
- c) On 17 June two FAES helicopters flew over the La Audiencia area and landed in El Granadillo.
- d) On the same day, the FAES carried out a military operation in the Naguaterique area supported by 20 helicopters.
- e) On the same date, a 12-man Salvadoran patrol was detected in the El Granadillo mountains trying to find the route followed by the Honduran Army patrols.

- f) On 19 June, six Arce Battalion soldiers commanded by Colonel Esquivel penetrated as far as the place known as Llano del Maco.
- g) On 20 June, the FAES continued operations in the Naguaterique area with the participation of the following units: The General Manuel Jose Arce Rapid Deployment Infantry Battalion and the Cacahuatique, Leon and Morazan anti-terrorist infantry battalions.
- h) On 21 June, a Salvadoran Air Force AC-47 plane fired a .50 cal machine gun at a Honduran patrol near El Alguacil Mayor in Honduran territory.
- i) On 28 June, the FAES began an operation to expel Honduran citizens from the Naguaterique area and to settle Salvadorans in several villages such as Los Patios, El Carrizal and even El Zancudo.
- j) On the same date, the FAES attacked El Encuentro Hill in Honduran territory.

As Your Excellency can see, the frequency and seriousness of the violations of national sovereignty perpetrated by the Salvadoran authorities in the past months is frankly worrisome; thus my government feels obliged to protest formally and emphatically. In these critical times that Central America is experiencing, it would be regrettable for repeated incidents like the aforementioned to have a negative effect on the excellent relations that have existed between our government, guaranteeing the freedom and democracy of the entire area.

I take this opportunity to reiterate to Your Excellency my greatest esteem.

Edgardo Paz Barnica, minister of foreign relations [title as published]

Tegucigalpa, 23 July 1985

Office of Press and Information of the Foreign Ministry

JOINT BORDER COMMISSION MEETING CONCLUDES

PA270329 San Pedro Sula TIEMPO in Spanish 25 Jul 85 p 3

[Text] Tegucigalpa -- El Salvador will issue its response to the border demarcation proposal presented by Honduras next week, it was reported yesterday after the conclusion of the joint border commission's meeting. Salvadoran Deputy Foreign Minister Ricardo Acevedo Peralta emphasized that his government is very interested in resolving the border problem. Meanwhile, Tomas Arita Valle, his Honduran counterpart, stated that attempts are being made to avoid taking the case to The Hague.

The protocol ending the meeting, which began on Tuesday, was signed at noon; however, its contents were not revealed. "We are quite pleased with the outcome of the meeting which followed the guidelines established at the 11 July presidential meeting," said Arita Valle. He indicated that "the negotiations will be hurried as much as possible."

He said that the details of the negotiation could not be disclosed because "the treaty's provisions must be respected." He added that the Salvadorans "did not issue a definite response to the Honduran proposal." The Salvadoran reply to that proposal will be made known during "the next meeting" scheduled to take place in San Salvador next month.

Arita Valle described the "overall proposal" that is under discussion as a mechanism "that addresses all of the controversial issues." The Foreign Ministry officer explained that the negotiations are attempting to avoid raising the entire border problem, 44 percent of the total, before the International Court of Justice. [sentence as published]

"We are more than willing to come to an agreement, naturally always defending Honduran interests," Arita Valle made clear. He indicated that the treaty binds the two countries to resolve the border problem, contrary to statements issued by critics of the government's foreign policy. Meanwhile, Salvadoran Deputy Foreign Minister Ricardo Acevedo Peralta said that the members of the Salvadoran delegation "are very pleased with the Honduran delegation's proposal regarding its border."

"Both delegations have done a good job," he observed, but offered no explanation on why the results of that "good job" are not yet visible. The Honduran proposal has not been answered because "these are matters that require careful examination," Acevedo remarked, adding that El Salvador presented a proposal of its own in May. Honduras set forth its reaction to that proposal at this meeting "and we are not complaining about that because we realize these things require careful examination," he said.

"Work has been productive in the sense that there was a good rapport between the two parties. The Honduran proposal is a responsible one," he indicated. The Salvadoran deputy foreign minister stressed that last week's diplomatic confrontations will not affect the negotiations. "These problems are common to countries experiencing border problems," he explained.

EDITORIAL PONDER'S 'REALITY' OF BORDER PROBLEM

PA270416 San Pedro Sula LA PRENSA in Spanish 26 Jul 85 p 7

[Editorial: "Strained Relations"]

[Text] El Salvador has stated that it will need at least 1 month to issue its reply to Honduras' proposal -- as if we had all the time in the world and reaching a solution to the border problem were not really a pressing matter. El Salvador has once again sought out the diplomacy of delay, as facts indicated that they are attempting to "kill time" until the end of the year in order to raise the case before the International Court of Justice at The Hague.

Both El Salvador and Honduras are facing many problems. These will become worse when a friendly and direct agreement is replaced with the ruling of a court which, alien to the Central American problems, will issue a decision that, based on documents and statutes, will fall short of dealing with the human problem between the Salvadorans and Hondurans.

During his recent visit to Honduras, Salvadoran President Duarte paid only lip service to the fact that the border problem is a priority in his administration, stressing that El Salvador will at all cost attempt to avoid raising the issue before the International Court.

During the past several days these displays of political complacency have given way to direct attacks on our country that have provoked a chilling of the bilateral relations, the fruits of which will be reaped by those who from the south constantly harass our borders.

A climate of peace and tranquillity between the two countries will not be achieved so long as the border problem is not resolved because the Salvadorans, like the Nicaraguans, are attempting to involve Honduras in their domestic conflicts, particularly when either of the parties consider that doing so suits their interests. It is not the first time we have been victims of this strategy. Therefore, we must immediately draw the line from which and up to which we will defend our national sovereignty.

It is truthfully revealing that while Honduras and El Salvador maintain uncomfortable, if not strained relations, Guatemalan Head of State Mejia Victores is attempting to seize a piece of the action or make up for lost time regarding the Central American conflict. He is attempting to minimize the problems "the land of eternal springtime" is experiencing by turning his gaze toward Guatemala's neighbors, Honduras in this case, because it is nearer.

It will not be long before the Foreign Secretariat, which has burned up so much energy on the problem, will have to pick up its luggage and head straight for The Hague, because Honduras' work and solidarity has been answered with delay tactics and words that have sometimes been disagreeable, offensive, and rude.

However, so long as we continue to work through the diplomatic channel, we must maintain our guard, because while our Armed Forces fulfill a role of civic action and training, the Salvadoran Army is on the real firing line. This is to our disadvantage, not only with regard to the number of men and military gear, but with regard to our troops' military readiness.

Despite the fact that for years Honduras has proven that it rejects military solutions, we should not fall victim to foreign conflicts. As the Honduran foreign secretary has often stated: "There comes a moment when the cup runneth over."

The Honduran people defend high moral values. We believe that people's rights must be respected and that persistent efforts lay the ground for freedom for people to develop their full potential. That is why we have struggled in good faith during all these years. We have come to understand that defining our sovereign lines will prevent reaching understandings that are obstructed by situations that are foreign to us. Our Cuscatlan neighbors do not want that. An ambiguous situation is more akin to their interests to stray from their domestic problems.

If our sincerity and friendship has reaped no fruit, then let us awaken to the realities of the situation and devote our greatest and best efforts to defend Honduran interests, today so downtrodden on both sides of the border.

NICARAGUA

ORTEGA ON U.S. AID, NONALIGNED BUREAU MEETING

PA270322 Managua BARRICADA in Spanish 26 Jul 85 p 5

[Excerpt] Nicaraguan President Daniel Ortega has criticized the Reagan administration for its state terrorism policy, which the U.S. Congress is supporting through its approval of \$27 million for the Somozist counterrevolutionaries.

"Everyone knows that these funds will at least provide logistical aid to the terrorist groups," President Ortega said, who denied that the aid the Reagan administration is trying to give to the mercenaries is of a humanitarian nature. Ortega did praise the conduct of a significant number of U.S. congressmen, who could not be blackmailed, and who consistently opposed the approval of those funds.

President Ortega said most detrimental about the approval of the funds bill was the fact that it also gave permission for the Reagan administration to use its Navy and Air Force if necessary. The bombing of predetermined objectives will be carried out to weaken our defensive capacity so that the counterrevolutionary infiltration through the Pacific and central zones is more effective, Daniel said.

He added that today's meeting of the Nonaligned Movement Coordination Bureau is very important, because a statement from this multinational organization condemning the U.S. state terrorism policy will have a tremendous international impact.

A statement along this line will be a support to the Contadora Group, which recently asked the parties involved not to increase tensions in Central America and the United States to resume its talks with Nicaragua in Manzanillo, President Ortega said.

ORTEGA MESSAGE TO CASTRO ON MONCADA ANNIVERSARY

PA280107 Managua Radio Sandino in Spanish 1200 GMT 27 Jul 85

[Message from President Daniel Ortega Saavedra to Cuban President Fidel Castro; dated 26 July, Managua -- read by announcer]

[Text] Commander in Chief Fidel Castro Ruz, president of the Cuban Councils of State and Ministers, Havana

Dear Companero Fidel: United by the unalterable and fraternal ties of friendship and cooperation that our peoples build in their march to the future, we send greetings on the 32d anniversary of the historic attack on the Moncada Barracks. At this time, when with firmness and faith in victory we defend the triumph over the imperialist aggression, the heroic example of Moncada is, as always, present in the combative solidarity of the Cuban people. Companero Fidel and brother people, party, and Government of Cuba, receive our warm and fraternal embrace, which is that of Sandino's unyielding people. [no signature as heard]

GOVERNMENT PROTESTS COSTA RICAN AIRSPACE VIOLATION

PA270147 Managua Domestic Service in Spanish 0059 GMT 27 Jul 85

[Communique issued by the Foreign Ministry; dated 26 July]

[Text] Your Excellency, Carlos Jose Gutierrez, Costa Rican Foreign Ministry, San Jose, Costa Rica

I am hereby notifying you of the following: Today, 26 July, at approximately 1300 hours, three unidentified planes coming from Costa Rican territory entered Nicaraguan airspace east of La Penca. They flew over the area for several minutes and later returned to Costa Rican territory following the course of the Colorado River.

The Nicaraguan Government hereby presents to the Costa Rican Government its formal, strong protest over this new violation of national airspace by planes coming from Costa Rican territory. This is particularly important if one considers that just 3 days ago it became public knowledge that a helicopter carrying mercenary chief Eden Pastora crashed inside Costa Rican territory. This once again confirms Nicaragua's charges that Costa Rican territory is being used by the mercenary groups and forces which have been carrying out many crimes against our country for several years.

The Nicaraguan Government hereby calls on the Costa Rican authorities again to adopt the necessary, urgent measures to put an end to these illegal activities that are the main cause for the difficulties prevailing between the two countries. We reiterate our request that a date be set for a meeting between the Costa Rican and Nicaraguan delegates with the purpose of establishing a security zone between the two countries.

I avail myself of this opportunity to express to you my highest consideration.

[Signed] Nora Astorga, Acting Foreign Minister

SERGIO RAMIREZ TO ATTEND PERUVIAN INAUGURATION

PA262000 Managua Domestic Service in Spanish 1925 GMT 26 Jul 85

[Communique No 36 of the Press and Information Office of the Presidency of the Republic, dated 26 July; read by Ileana Ordonez -- live]

[Text] The Press and Information Office of the Presidency of the Republic reports to the Nicaraguan people that the official delegation that will be present at the swearing in ceremony for Peruvian President-elect Alan Garcia will be leaving for Peru tomorrow. The Nicaraguan delegation will be headed by Vice President Dr Sergio Ramirez Mercado, who will represent Commander of the Revolution Daniel Ortega Saavedra, President, who cannot go because he is involved in preparations for the upcoming meeting of the Sandinist Assembly, among other administrative and party tasks. The other members of the delegation are Dr Clemente Guido, vice president of the National Assembly; and Deputy Foreign Minister Jose Leon Talavera.

In Lima, Vice President Ramirez will use the opportunity to contact chiefs of state and representatives of Latin American countries for the purpose of consolidating the Nicaraguan peace effort and to support the latest agreements adopted by the foreign ministers of the Contadora Group countries.

For peace: Everybody against the aggression.

Leaves for Lima

PA271841 Managua Domestic Service in Spanish 1527 GMT 27 Jul 85

[Text] Vice President Sergio Ramirez Mercado left a few moments ago for Lima. He is heading the official delegation to the inauguration of Peruvian President-elect Alan Garcia. The delegation also includes Clemente Guido, vice president of the National Assembly, and Jose Leon Talavera, deputy foreign minister. Vice President Ramirez Mercado was seen off at the Sandino airport by Deputy Foreign Minister Nora Astorga. Shortly before boarding the airplane, Ramirez Mercado said:

[Begin recording] We will carry out an intense activity of meetings and political contacts with the heads of state, rulers, foreign ministers, and representatives of legislative bodies who will be present at the ceremony. Therefore, far from being just a protocol event, we will be carrying out a very important political task at this time especially when dates and details must be established with regard to the Nicaraguan proposals that were accepted by the Contadora Group on the U.S.-Nicaraguan dialogue and the Nicaraguan-Costa Rican border issue.

[Reporter] Will you meet with President Alan Garcia on the foreign debt?

[Ramirez Mercado] Not exactly on the foreign debt. There is a draft communique (?on) the topic of the foreign debt ready to be signed by all the representatives of the governments present there. I will meet with President Alan Garcia tomorrow after his inauguration, and we will discuss bilateral relations as he has expressed interest in this topic, and we will also reach new dimensions, discuss the Contadora Group, and of course, the foreign debt.

[Reporter] How long will your visit last?

[Ramirez Mercado] We will probably be returning on Tuesday once (?the events are over).
[end recording]

Meets With Colombian President

PA282258 Managua Radio Sandino in Spanish 1300 GMT 28 Jul 85

[Text] Nicaraguan Vice President Sergio Ramirez Mercado arrived in Lima, the capital of Peru, yesterday afternoon for the swearing-in of Alan Garcia Perez as the new president of Peru. Ramirez was in Lima 15 days ago. On that occasion he met with the Peruvian president-elect. Ramirez noticed that Alan Garcia is interested in having a government that will be more involved in the problems of Latin America and in the peace efforts that the Contadora Group -- Mexico, Colombia, Venezuela, and Panama -- is making in the Central American region.

Alan Garcia recently made a statement publicly announcing his sympathy for the Nicaraguan Government. He said that the Nicaraguan Government's struggle and example represent the dignity and sovereignty of Latin America. The Nicaraguan vice president told reporters at the airport that Nicaragua is making great efforts for peace and that it wants to renew the Manzanillo, Mexico, dialogue with the United States, which is promoting aggression against his country. Ramirez said that Nicaragua wants to avoid a war that would set all of Central America on fire. He said he will tell this to the presidents, vice presidents, and foreign ministers of the continent who have gone to Lima for the presidential inauguration.

Ramirez has already met with Colombian President Belisario Betancur. We have a recording of the statements made by Sergio Ramirez after the meeting.

[Begin recording] [Ramirez] The meeting with President Betancur took place a few minutes after our arrival in the country. This was the first of a round of meetings we will hold these days in Lima with the various heads of state and governments and political leaders who are here for the swearing in of President-elect Alan Garcia.

With President Betancur, we discussed the Central American situation, the direct U.S. threats against Nicaragua made in a note given to our government by the U.S. State Department on 18 July, and the new position of the Contadora Group, which calls for direct dialogue with the United States and establishment of a demilitarized zone between Costa Rica and Nicaragua, and asks that no foreign power such as the United States should finance counterrevolutionary, illegal activities. I told President Betancur on behalf of the Nicaraguan Government that all these are positive Contadora Group steps that contribute effectively to the search for peace and to consolidating peace in Central America. I told him that we are interested in setting a date here for the meeting between Costa Rica and Nicaragua to define the border neutrality matter. We would also like to establish a specific date for the Contadora Group to propose to the United States a Nicaragua-U.S. dialogue.

President Betancur will take on this initiative, and he will present it to President Ardito Barletta and to the other Contadora Group representatives who are here. I will be doing the same. We hope that at the end of this round of talks we will have something specific in this regard.

I gave President Betancur a copy of the resolutions of the Nicaraguan National Assembly on the constitutional dialogue, a subject on which he has been very interested, once again confirming the pluralism that the Nicaraguan revolution is trying to institutionalize through open discussions of the constitution, whose principles have already been defined.

[Reporter] [Words indistinct] What is the significance of this new government in Peru for democracy in Latin America and for peace in Central America?

[Ramirez] For Latin America it is very important to see the ascension to power of a man like Alan Garcia, who openly has declared his Latin Americanist position, his anti-imperialist position. He has declared that he is prepared to defend Nicaragua's right to its sovereignty and independence. These are important values [words indistinct] of a Latin America who is concerned with peace in Central America and with the aggression unleashed against Nicaragua. [end recording]

This was a recording of the statements we received via telephone after Sergio Ramirez' meeting in Lima, Peru, with Colombian President Belisario Betancur.

D'ESCOTO BROCKMAN TO CONTINUE AS FOREIGN MINISTER

PA261514 Managua Domestic Service in Spanish 1300 GMT 26 Jul 85

[Text] Managua, 25 Jul, ANN -- Nicaraguan Foreign Ministry sources have denied rumors that Foreign Minister Miguel D'Escoto Brockman would be replaced. D'Escoto is on the 19th day of his fast for peace and life and against terrorism. According to reports from some international news agencies and the daily LA PRENSA, Father D'Escoto is about to be replaced, but Nicaraguan Foreign Ministry sources have told ANN that such rumors are false. The sources noted the solidarity that the priest's action has aroused throughout the world.

Today 12 priests of various dioceses and the spokeswoman for the Nicaraguan Foreign Ministry, Angela Zavallos, joined Father D'Escoto's fast at a home next to a church in the Msgr Lescano neighborhood.

Tomorrow residents of various neighborhoods and rural communities and foreign residents of Managua, including more than 100 U.S. citizens, will participate throughout the country in a national day of fasting. This will involve labor centers, factories, cooperatives, and private and state institutions. The workers will fast 1 day in solidarity with the priest and his call for peace and against war and aggression.

A poster being seen on walls and doors in Managua and the interior states: At this home we are fasting for peace and life and to reject the terrorism of the U.S. Government against the Nicaraguan people. The poster is a symbol of solidarity.

CASTRO SPEECH AT MONCADA ANNIVERSARY CEREMONY

FL262304 Havana Domestic Service in Spanish 2214 GMT 26 Jul 85

[Speech by President Fidel Castro in Guantanamo City at the main commemoration of the 32d anniversary of the assault on the Moncada Barracks -- live]

[Text] Distinguished guests, people of Guantanamo, countrymen: For many reasons, this 26 July has a special meaning. Among other reasons, it has a special significance on account of our undesirable neighbors near this city. [applause, slogans] But it is of even greater significance on account of the extraordinary fact that we are being accompanied here by over 200 delegates from the trade union conference held in Havana a few days ago. [applause, slogans] It also is significant due to the presence of over 50 Latin American women who participated combatively in the Nairobi conference. [applause, slogans] The presence of these delegates at this time, on this date, give special symbolism to this event. We must speak for you, them, and for all guests.

I suppose you have been repeatedly told that we are in distant Guantanamo Province. We say distant because it is located in Cuba's easternmost side. This province emerged as a result of the country's new political-administrative division, by virtue of which the former Oriente Province was divided into five provinces. The former Oriente Province was full of history, so that when it was divided into five provinces each one was left with abundant history. Our people began fighting in this region, first of all, against the conquistadors. As I said at the recent trade union conference, the most peaceful people in the world lived on this island. When the conquistadors arrived, even though the people here were completely unarmed and peaceful, they still resisted. A name has gone down in our country's history as the first fighter for our country: the Indian Hatuey. According to history, he came from Santo Domingo -- I think it was called Santo Domingo Island at the time -- where the conquistadors had first settled. He was the first fighter, the first chief, and our country's first martyr.

Throughout history, and during centuries of slavery, countless men, slaves who abandoned the plantations, lived in this region and also resisted the oppressors in the so-called palisades, places in the jungles and mountains where they sought refuge. Further on, when what we might call the Cuban nationality emerged, the people of this region participated actively in the first war of independence, and in 1971 [as heard] the Cuban forces led by Maceo, Maximo Gomez, and Moncada entered this territory, which was full of slaves and coffee plantations, and waged fierce and victorious battles against the Spanish forces.

Later, when the war, which had lasted 10 years, was resumed in 1895, Jose Marti, hero of our independence, traveled through this territory. He came with Maximo Gomez, one of the most prestigious internationalist figures in history. In our view, the Indian Hatuey was also an internationalist, as he came from Santo Domingo to fight in our land. They planted the seeds of internationalism. At the beginning of that war, Antonio Maceo, Jose Maceo, and Flor Crombet also traveled through this territory.

It can be said that the people from Guantanamo Province were among the first who began the struggle with the most prestigious revolutionary leaders. Their lives were in danger. Imperialists imposed a treaty after having intervened in our country. Toward the end of our independence war, when the Spanish troops were already exhausted and defeated, the imperialists sent their expeditionary forces, occupied our country for several years, imposed a Constitution with an amendment that gave them the right to intervene in Cuba.

During those sad years, they also imposed another agreement in which they occupied a piece of our land, under a contract for an indefinite period of time, which did not even have a date. That contract was accepted under pressure by those irresponsible leaders. This is why it occupies a portion of our national territory in this province, where Cuba has one of its best bays. They are hindering there the region's progress and hindering the development of our country's ports and threatening our fatherland.

Through the years of that former republic, the Guantanamo people struggled, and Guantanamo peasants struggled. The Realengo 18 [apportionment of land], became popular. Realengo was something that originated from the way the Spaniards distributed land. They made circles of I do not know how many meters or kilometers, and the portions remaining between the circles were called realengos. It was said that they did not have owners until a bidder came up.

The peasants of the Realengo 18 wrote glorious pages of history, of defiance against oppression and against big landholders. They inspired the beautiful history pages written by [pauses], you help me, Pablo de la Torriente, Pablo de la Torriente Brau, who wrote about the Realengo 18 [applause] he wrote about the prison he was in on the Isle of Youth, and by the way, I learned quite a bit from Pablo de la Torriente's writings because I remember when he described the land, he said it was a land suitable for battle, that a single man with a rifle was capable of stopping an army. How much he helped me when we faced the task of resisting, fighting, and defeating an army, when I remembered that phrase written by Pablo de la Torriente Brau that one man with a rifle could stop an army in those mountains. His words were prophetic. [applause]

During the last war, or the last struggle for liberation, which was the last and conclusive struggle to achieve our true independence, Guantanamo also had a very outstanding role, because it was here, when we landed in Granma Province, a few days before 2 December, we landed on 2 December, but they had estimated we would arrive on 30 November, and on 30 November the comrades of the 26 July movement attacked and took over the garrison in Ermita. I remember that some of the combatants who were involved in that battle participated later in the Sierra Maestra battle. Comrade Camacho Aguilera, party first secretary in Santiago de Cuba is among us [applause], railroad worker who headed that battle. Later in this Guantanamo Province's mountainous region the Frank Pais second eastern front was launched by the forces Comrade Raul Castro commanded from the Sierra Maestra. They fought and launched a front which was a model because of its organization and efficiency and played an extraordinarily important strategic role in our war. That front was launched through a fast advance over the plains by using vehicles at times, it was the first time our forces in the plains used vehicles. They arrived in this region, and from that moment on, we could actually say that the rebel forces were already considered unbeatable. During those days the third front was launched under the command of Comrade Juan Almeida. [applause]

So there has been a historic consistency in the struggle spirit and patriotism of the Guantanamo people. [applause] Now then, how was Guantanamo Province upon the triumph of the revolution? Simply a Third World place, we could call it a Third World province, when other regions of the country had greater development. I do not believe that the revolution has performed its greatest work. I sincerely believe we should have done more for Guantanamo. [applause] I believe we should have done more for Guantanamo. [applause] For one or another reason, among them the obstruction [U.S. naval base], this province's port is occupied by the Yankees. There are other provinces in the country where a port, such is the case of Cienfuegos, was the determining factor for the development of important projects and important investments. This has occurred in Matanzas, in the northern portion of the eastern end of the island, and in other places.

Nevertheless, despite the difficulties, despite the fact that subjectively, in my judgment, there was not sufficient awareness of the need to develop this region in a special way.... The region is also a part of the former Oriente Province and Oriente Province was the country's largest. Oriente Province was a part of the Third World and, even though the revolution has made great efforts in this territory in which today five provinces are located, I believe that we could have and should have done more.

The truth of the matter is that over a period of time after the revolution's triumph it was difficult to avoid the phenomenon of concentrating everything in the Republic's capital, which had the most development, the site of the central government. There was always a tendency to install new factories in the capital, to such an extent that the capital was already lacking sufficient quantities of water, manpower.

I can remember that it was necessary to struggle very hard against that centralistic spirit, a bit capitalistic. However, the truth of the matter was that the capital, the money, was being invested in the Republic's capital city. It became necessary to struggle until achieving the distribution of many of the industries scheduled to be built in the Havana City Province and transfer them to the interior of the country. I am saying this because it is necessary to be aware of the fact that in conducting a program and development policy that is just, equalitarian, and well distributed throughout the country, it is required to have a high level of awareness and to be aware of such an effort. In reality that is what the revolution has done.

In the beginning we could not build many industries because of the blockade, threats, and difficulties, but fortunately when the construction of the more important industries began -- and there are some industries that should be built near a port, or near the raw materials, but many can be located anywhere -- it was possible to develop the interior of the country, because we became aware of that problem at a very early stage.

Some provinces were helped by natural factors, such as ports, or raw materials, and achieved a great development. In examining the revolution's work in this province, one has to accept that in reality the greatest effort had been made. In making this statement here on this 26 July anniversary, it implies the commitment that in coming years we will make more than what we have done for Guantanamo in past years. [applause] Nevertheless, a little has been done, and when I look at these buildings, this modern hospital, this high-rise, this hotel, those installations, this square, and realize that doubtlessly, nothing similar existed here before. This province has special characteristics. Only 25 percent of its soil can be cultivated. The size of quality lands is very small, including the type "one" soil. There is no good land here. The province's agricultural land is not very extensive. About 63 percent of the territory is mountainous, and 1.4 percent approximately is occupied by industries, installations, roads. It has the most diverse climate in the entire country. It is very humid to the north where the mountains are. Some professors have explained to me that the dry nature of the southern part is due to the Trade Winds colliding with the mountains and causing heavy rains in the northern part and very little in the south. This same phenomenon occurs in the Andes, in South America, and many other places. On a smaller scale that phenomenon occurs here.

However, when we examine Guantanamo Province's production and compare it with the production prior to the revolution, the production has increased fivefold. It has increased fivefold since the triumph of the revolution. Furthermore, since the province was created in 1976, its production has doubled. In the last 4 years, work productivity has increased at a rate of approximately 9.9 percent per year.

Production in some areas, like salt, has increased from 30,000 tons in 1959 to 234,000 tons at present. This province is the major producer of cacao and coconut and an important producer of coffee. Above all, as 75 percent of its territory is mountainous, it is among the provinces with the biggest forestry potential in our country. This does not mean that there were any forests left, as capitalism had practically destroyed all the forests and all the exploitable lumber in this province. For more than 25 years now we have been planting in those areas and replenishing those forests. At first we had no experience. Many times we did not know which was the most suitable plant variety or planting technique; we practically had no forestry engineers, but today we have a large contingent of forestry experts. Our planting in this region has not only increased, but quality has also been improved.

For instance, in recent years, from 1980-1984, the cacao production increased at a 7 percent rate per year, and we expect it to continue increasing because this country likes chocolate, and excellent cacao is produced in those mountains, especially in the area of Baracoa. Coconut production is also considerably increasing. In the last 12 years, important citrus plantations have also been developed in this province. For instance, the citrus production between 1980-1984 has grown sixfold. The production of cacao butter has grown 2.3 times.

In 1984 alone, 20 million trees were planted and in 1985 the goal is 21 million trees. In the dry southern zone more than 1 million trees have been planted. Here man really faces a challenge from nature, fighting the mountains and introducing technology and better varieties of coffee, cacao, etc.

During these years of revolution, 27 new industries have been created in Guantanamo Province as well as 75 new agricultural and livestock facilities. This province did not have a single industry. It really lived off the famous naval base, where there were several thousand workers, most of whom were dismissed by the arrogant imperialists after the triumph of the revolution. The base was the only source of employment. There was also Yankee tourism, the tourism that derived from the Marines' presence, and you know the sequel of social and moral problems they created when they came to spend their dollars in the bars and brothels around here. However, there was no industrial production. In fact, the production increase has resulted from the new industries created here during the revolutionary period.

Many other types of facilities were also built -- hospitals, rural ones at first then hospitals of other types and clinics; schools, children's centers, secondary and pre-university schools, and even university installations; and housing. Big efforts were also made to build roads. Approximately 1,400 km of roads have been built during these years, as this province lacked communications. We now have eight times as many roads as had been the total for the entire country, [corrects himself] for the entire province, not the country. We now have 3.6 times as many asphalt roads as we had in the past. The revolution constructed the road between Guantanamo and Baracoa. Many roads have also been constructed to the interior of the province, to various towns. We recently finished construction of the road between Guantanamo and Sagua. We are currently building the highway between Santiago de Cuba and Guantanamo and also Las Farolas Road, [corrects himself] I mean Las Ultatas Road, which crosses the mountains toward Baracoa. We are also constructing the road between Moa and Baracoa and from Baracoa to Maisi. More roads will still have to be constructed.

In this dry province there was not a single dam, but they have been constructed with a capacity of 300 million cubic meters and more will be constructed in the future. What would the situation of this province be, with its droughts, if no dams had been constructed? In spite of this, the province is currently experiencing a drought that is causing a considerable water deficit. An effort has been made, but I still regard it as insufficient.

However, the results are notable. For example, in this province, there were 30,000 permanent jobs at the triumph of the revolution. Today, there are 104,000, not including the peasant population, the Army, or any other state organization. If we included all the workers in the economy and services, we have approximately 150,000 working people in this province. A figure that has a certain meaning if it is taken into account that the population for more than 60 years has not been numerous. Now it is growing at a rapid rate exceeding the past 60 years because of better living conditions and health. The population of the province is fundamentally composed of young people. There are also approximately 6,000 Guantanamo citizens working outside of the province.

Of the civil work force, 37 percent is composed of women. Of the technical force, those workers with technical qualification, the women compose 54 percent. I believe that is encouraging for the women [applause] who are preoccupied with these issues, the Latin American comrades.

The level of education, I will not talk about prior to the revolution, the level of education of our working masses in 1971 reflected, after 12 years of revolution, that 18 percent had more than a sixth grade education. Now, in the year 1984, 80 percent of the working masses had more than a sixth grade education. [applause]

Here today, the banner was awarded to the trade union leader in recognition, among other things, of the struggle for the ninth grade from which, during the last few years more than 25,000 workers have graduated. This is notable [applause] in a province that had the highest index, one of the highest indexes, of illiteracy in the country. Another interesting piece of information reflecting the advance of the revolution is that in 1971 only 0.4 percent of the working force had a university education. Today, 7.2 percent of the work force has a university education. [applause]

In the social area, Guantanamo Province was not left behind, because they did have the revolution. They divided the resources. Let us say that the provinces with more resources accumulated the means, or made the means possible, for the development of the poorer provinces with fewer resources. Because of that, independent of the economic development of any province, not one of them lacked the medical assistance plan that the other had. Not one of them lacked educational, cultural, recreational, or sports plans similar to the others. [applause]

In the medical sector, before the triumph of the revolution, in this province or in the territory of this province, there were 91 doctors and the vast majority working in private practice. They were not doctors for the general working and peasant population, which composed the immense majority. Today, this province has 574 doctors [applause] working for all the people, free of charge for the entire population. [applause] Before the revolution, there were 30 dentists. Today there are 175 dentists working for all the population with free dental service. In this province, something incredible, there were 24 nurses and nurses aides. Today there are 1,528 nurses and nurses aides.

Before the revolution, there were four hospitals. Today there are 17, of which the one we can see here [applause] is an example, a model hospital. In the Guantanamo general hospital, at the triumph of the revolution, the hospital providing services to the people had 6 doctors, 5 nurses, 3 laboratory technicians, and 22 general service employees. The income of that general hospital was 17,000 pesos. Today, that hospital that you see there has 211 doctors. I do not have the details of the number of nurses and laboratory technicians but I know that they have more than 200 beds, and that approximately 1,900 people work in that hospital [applause] including doctors, nurses, nurses aides, and laboratory technicians.

Medical services are provided in 25 specialties and the budget for that hospital alone totals 8 million pesos. [applause] There are rural hospitals, rural medical posts, and the province's entire territory, including its mountains, is covered. There are tens of medical facilities, including rural, pediatric, and psychiatric hospitals, clinics and orthopedic, prosthetic, and optical centers. Naturally, the results are appreciable. The province's infant mortality rate -- and this is why I say this was a Third World province -- used to total more than 100 for every 1,000 children born alive. These are conservative estimates. These are conservative estimates because no one really knows how many people died from epidemics, the lack of opportunity to give birth in the hospitals, and all those things. The estimate is over 100 deaths per 1,000 children born alive. Last year, they totaled 18.6 for each 1,000 born alive during the first year. This is still above the national average, which was 15. Certain provinces averaged 13. This province averaged 18.6, which is above the national average. In spite of this, the infant mortality rate in this former Third World province is currently lower than that of any Third World country, and its average is better than that of several industrialized countries. [applause]

The struggle against infant mortality is more difficult here because there are mountains and a relatively large number of people lives in these mountains as well as in the lowlands. We also have here the phenomenon of early marriages and pregnancies. The struggle to gradually reduce infant mortality here calls for a special effort, but we will make this effort, and we will obtain results, especially as we gradually extend the family doctor institution, throughout the province. We already have several such doctors.

In the area of education, the changes introduced are also fabulous. Prior to the victory of the revolution, 50 percent of the children had no schools or teachers. Of those enrolled in school, 20 percent left for economic and social reasons. Only 60 percent of them actually attended school. At present, all children have both schools and teachers for primary and mid-level education and they also have the chance to conduct university-level studies. At the time of the triumph of the revolution there were 257 schools. Today there are 909. There used to be more, but since the birth rate has been decreasing, we now have fewer schools. At one point we had approximately 1,040 schools in this province. Anyway, we originally had 257 schools, and now we have 909. This is a large number of schools because 60 percent of those schools are up in the mountains. People in the mountains live isolated and big schools cannot be constructed.

In the past there were six mid-level schools in this province, with 1,300 students. Today we have 61 mid-level education schools with 48,000 students. To this we would have to add students in Guantanamo who have received scholarships in other provinces. [applause] Of the 48,000 students in this province, 55 percent have received scholarships. Many come from the mountains and in order to go to a basic secondary school, a pre-university center, a technological school, a teachers or nursing school, they must come to Guantanamo or the adjacent areas.

There already is a medical school. Each of the country's 14 provinces has at least 1 medical school. There is also the Higher Pedagogical School, and there are branches of schools of economy, law, and agronomy. This means that Guantanamo's doctors are already being trained in Guantanamo, and Guantanamo's specialists are already being trained in Guantanamo. Teachers and professors are being trained in Guantanamo. This points to an unquestionable social development. I will not discuss other problems, like prostitution, which fortunately disappeared from our country and from this province many years ago. I will not talk about beggars or barefoot or abandoned children. That category of people is unknown in our country and in this province. Children begging, or going barefoot, or who do not attend school, that category of people is not known in our society or in this province. [applause]

As for cultural development, suffice it to say that there are 2,500 groups of amateur artists. Concerning the development of sports, I will give another figure: 329 sports facilities. There are 17.2 times as many sports facilities as there were prior to the victory of the revolution. [applause] They have a stadium with night lights, and they are still building sports facilities. The results, with the people of Guantanamo involved in sports activities, are notable. They have very good boxers. Naturally, this is advisable, with such an aggressive neighbor nearby. [applause]

Today there are 72 small and large aqueducts in this province and there are three times more families with running water than the ones who had it before the revolution.

Something else, before the revolution there were 15,000 houses with electricity. Today, there are 68,000 houses with electricity. [applause] Recently a project was established to provide electricity during certain hours at night to the isolated peasant communities where electricity is not available, small communities of 20-30 families, and in the last year in the former Oriente Province's mountains, about 500 small electric plants were installed. Guantanamo Province got 86. There is electricity in 86 remote communities during several hours of the evening. I imagine they are watching this ceremony now in color television because they have their electric plant, social center, color television, refrigeration, not electric refrigeration but gas refrigeration.

Those are some of the advances achieved in the last years. It is very difficult to take a 110 AC line of 33,000 kw to the mountains. We have been searching for solutions, and if they do not have electricity 24 hours a day at least they have 3 or 4 hours of electricity during the early evening.

The peasant movement is progressing. There are 156 livestock-agricultural production cooperatives in this province. More than 50 percent of the peasants are already organized in agricultural production cooperatives. This has been an important progress.

This province is also outstanding in defense. We need to point out that 50 percent of the Territorial Troops Militia is composed of women soldiers. [applause] Maybe the enemy does not even imagine how women soldiers are. We were able to witness it in our last liberation war with a combat unit called by the glorious name of Mariana Grajales. [applause] This province's defense force, this province, which is one of the smallest ones of the country with only 6,174 square km and 473,000 residents.

The organized and armed defense forces, are constituted by 110,000 men and women [applause]. The imperialists' threats forces us to organize a one-way defense front, and we have it here; in this province alone the imperialist enemy would have to face an entire town that is armed and organized. The entire town would participate in the battle in one way or another. They are prepared: 110,000 combatants. I believe that this fact I tell you is not a secret: there are no more because there are no more weapons. You heard what the children said a few minutes ago [applause]. But we will get more weapons and will continue giving them to the people, organizing them and preparing them. Everything is organized and everyone is prepared to defend their fatherland.

These are not the times of Hatuey the Indian, and these are not the times when toward the end of our independence war opportunists came to vacation. The people are aware, organized, patriotic, combatant. They are not afraid of anything or anyone.

I imagine they are also watching this event. Once in a while their television is viewable here; I imagine that ours also is viewable there sometimes. I imagine they are seeing Guantanamo, so different from the one they knew, and this crowd. I asked: How many people are here? Where did all these people come from? [applause] They can barely fit in this square, where not a single man or woman is up for sale or hire. What a lesson for the empire! [applause] [slogans]

I have given some historical data on Guantanamo Province and its efforts during 1984. Half of 1985 has gone by and the Guantanameros' efforts this year are marching along just fine. For example, they have surpassed the economic plans by 7 percent during this first semester; they have increased production by 13 percent; they have increased work productivity by 9.8 percent during these first 6 months. These are notable figures, despite the extremely unfavorable weather conditions. All the country has had unfavorable weather, and if all the country has had weather and drought problems, it has been worse in Guantanamo Province -- particularly in the agricultural areas, where the main crops are found.

Due to the 26 July event, which they deserve for their efforts, their enthusiasm [applause] they have built -- with the aid of all the provinces, because it is a tradition that the other provinces help the province where the anniversary will be celebrated -- 190 works for an approximate value of 30 million pesos. Some buildings have just been completed, such as the brand-new building we have in front of us, which has 100-odd housing units. I think they have even built a restaurant on top. All this has been possible with the participation of the masses. Innumerable works have been built around this date, 26 July. Now then, these efforts must continue. We intend to make investments during the next 5 years for 30 new industrial objectives, that will create jobs for approximately 6,000 persons. That is what we have. However, all of us are thinking about what else can be done for this province, how to expand investment plans for this province. [applause]

Despite the area being 73 to 75 percent mountainous and certain other adverse factors I have already mentioned, such as the bases and other natural factors, there are still some resources. Explorations are under way for minerals throughout this region and forestry work is being intensified in this province. It has an important river, the Toa, which is one of our mightiest [rivers] but, unfortunately, there are no plains in that area, which would allow its water to be used for irrigation. However, it can be used to generate energy, and one of our future projects involves developing the Toa's full energy-generation potential. A new highway, from Guantanamo to Baracoa, is being built in order to, among other things, develop this region. [applause]

Now then, I have talked about investments. In this province, over 1 billion pesos have been invested in 10 years of revolution and 336 million pesos in the last 4 years alone. However, not far from here, in the Moa area, our country is making one of its largest investments ever in the mining-metallurgy field. There is a plant there that produces nickel through a chemical process. A new plant with an additional capacity of 30,000 tons of nickel and cobalt oxide is being completed. Construction of a second plant with an additional capacity of 30,000 tons has begun and is advancing. There is a large mechanical plant and other installations. This is a new region with new development, and it is close by. [applause]

If that region belonged to Guantanamo Province the economic indicators would be considerably different. There are over 10,000 construction workers there. How many do we have there exactly? Some 15,000 persons are working there. This is indeed a colossal investment, and it is located in the geographical territory of Guantanamo. [applause]

Now, why doesn't it belong to Guantanamo Province? The reason is very simple. When the new political-administrative division was carried out in (?1976), there were no communication facilities, there was no highway between Guantanamo and Moa. This territory had to be assigned to Holguin Province, which did have communication facilities, which did have highways, which was more developed, and which could take charge of this work. Well, Moa lies in this direction -- I am guiding myself by the mountains as there is no sun-shine or moonlight at this moment; the day is cloudy, and I have no compass. However, I have the mountain in front of me, and I know where the mountains are. I know the course of the highway quite well. There is a new highway linking Guantanamo, Sagua, and Moa. [applause] Moa is 40 km from Guantanamo, in that direction, on the other side of the mountain range, which is quite wide, and 160 km from Holguin. So, factors of this type led to the assignment of this territory.

Obviously, the people of Holguin have done an extraordinary job to develop Moa, with cooperation from the rest of the country, because there are workers there from all eastern provinces. It is advancing rapidly, I have paid special attention to this, with cooperation from the people of Guantanamo, among others, because there are many people from Guantanamo working there.

We think that in the future, not yet but in the future, as this province develops and as Holguin Province develops... [thought incomplete] and Holguin Province will have the second electronuclear plant in the country. It will have iron and steel industries and important industrial development projects.

Naturally, the people of Holguin say: The day this is transferred our indicators will drop, but not the current standard of living. The standard of living of the people of Holguin will not be affected at all the day the Moa area is transferred to Guantanamo. [applause] The people of Guantanamo will improve their indexes. Their standard of living will continue to improve, like that of the rest of the country.

However, this is more logical because of the proximity of that area and because communications facilities exist there now and new ones are going to be built. Baracoa, which is on the other side of the mountain and can be reached by a modern highway, is even farther away than Moa. Maisi is even farther away from Moa, double the distance from Moa, and belongs to Guantanamo. Moa will have to belong to Guantanamo Province some day. The distribution of those resources will be more balanced. [applause] This is not a selfish redistribution of territory, like the ones the imperialists used to carry out, through war, but peaceful. We think that the people of Holguin and Guantanamo, and the companeros of all other provinces, can ponder this when the time comes. Now then, we do not have to make a decision to pass this region to Guantanamo Province. I think the people of Guantanamo have to earn this right. [applause] They have to earn it. [applause] How? By contributing the maximum to the development of Moa. There are many people of Guantanamo there. We have to continue to prepare cadres, technicians, and labor force. It is very near by that road. It is much closer than Holguin. Holguin is several times farther away from Moa than the city of Guantanamo.

Therefore, one of the goals for the future of greater development is to remove Guantanamo from the Third World. Even though we are all in the Third World, this is the Third World of the Third World. [laughter, applause] We must struggle, be determined, and work, among other things, to carry out diplomatic activities among the people of Holguin so that they will not take their foot off the accelerator or become discouraged because they will have other things just as important as Moa and we will all help them so they will have those other things. [applause]

There is another important thing that our entire country should bear in mind and that is that this is the first trench against imperialism. Many people talk of the Cuban revolution being 90 miles from the United States. They ask with admiration how the socialist revolution, the first revolution in the Western hemisphere, was possible only 90 miles from the United States. However, we are a few millimeters, the width of a fence away from imperialism here in Guantanamo Province.

It is not true that we are 90 miles away. We are a few millimeters away from the illegally occupied territory of the Yankee base of Guantanamo. [applause]

Therefore, if we are a few millimeters from the imperialist forces, this province is the first trench of the country. They would not have to make a naval or air landing. They are installed there. This province is the first trench.

In this province there are two small towns that are hero towns. They are the towns of Caimanera and Boqueron. [applause] They are a few millimeters from the Yankee troops. Caimanera has a population of 5,000 and Boqueron has a population of 1,500. Not long ago Companero Raul and a group of companeros of the Central Committee were in Caimanera. I think they have also been in Boqueron on other occasions. They were telling me about the patriotic spirit of the people of Caimanera. The patriotism, the morale, the revolutionary awareness of the people of Caimanera and Boqueron is incredible. [applause]

The people of Caimanera are responsible for the extraordinary increase in the production of salt right under the enemies' eyes. To the extent that they are very close-by, their spirit has risen. Therefore, our party thinks that the people of Caimanera and Boqueron must be given special attention. [applause]

If Guantanamo Province must be given special attention, then within Guantanamo Province, special attention must be given to these two towns that have such a high patriotic spirit and morale. They are two small communities. If we study this we will see that the country has resources to treat them better, to give them more resources than any other communities in the country.

The companeros were telling me, for example, what was done at the Salvador sugar mill where the forces of the Second Front fought during the war. The enemy had taken shelter in a movie theater, and it was burned down during the battles. They were without a movie theater for many years until Raul made a visit, and they reminded him that there was no movie theater. When they were asked about the movie theater, they said it had been burned down during the war. They made a little program for the Salvador sugar mill and they built them a movie theater. Today, they have one of the best movie theaters. They made a number of improvements and other things.

I think that with the same idea the same thing can be done with a number of sugar mills. A number of projects can be carried out in these small towns. Approximately 800,000 pesos were invested there, and many things were resolved through direct investment. I think the same thing must be done in all the rest. We must apply that experience in all the other similar towns in this province. If the capital of the Republic must not forget the province, then it must also not forget the municipalities in the province. I know that it does not forget them but we are asking for greater effort with the aid of the nation. If we can do these things in a sugarmill, then we can and should do more in those heroic communities of Caimanera and Boqueron. [applause] I think we will all agree that this is necessary and just. In order not to extend myself too much, I think what I have said gives you an idea of the economic development and above all of the social development of this province.

As I have said, we are not totally satisfied. I think this message should be well interpreted by the whole country, which should understand that we must take this road. Let us not forget Guantanamo after it gained glory for deserving to host the commemoration of the 32d anniversary. We are not going to forget. No one has forgotten any part of the country. I am not simply asking that we not forget. I am asking that we must always think in a special way about Guantanamo Province.

The rest of the country is doing well, it is going well. There are other provinces that are working very hard so that they can host the 33d anniversary. There is a province that hosts the commemoration every 5 years because it has earned that right: Santiago de Cuba, cradle of the revolution. [applause]

Since Santiago and Guantanamo are twin cities, I hope that the Guantanamo people acknowledge the great historic and revolutionary merits of Santiago de Cuba, which is our former capital, not our former metropolis. We know that Santiago de Cuba makes efforts and cooperates with its sister Guantanamo Province. [applause]

The year 1984 -- I speak of 1984 because we are in the middle of 1985 -- was good, from an economic point of view. Last year we spoke in the city of Cienfuegos about the state of the economy. In 1984, our country's economy grew by 7.4 percent. Work productivity grew by 6.2 percent.

I am not going to talk much about the national topic but for the sake of giving you an idea I will say that the economy of the Latin American countries, as a whole, grew just a little in 1984. From 1980 to 1984, in those years of deep economic crisis, the economy of the Latin American countries, as a whole, had zero growth. It did not grow in those 4 years. In some years the economy decreased. However, the economy of this Cuba that endures so much slander, that provokes so much hatred in the exploiters and the imperialists, grew by 35.6 percent during the period in which the Latin American countries did not grow.

If we analyze per capita the gross national product, which in our country we call the general social product, we will see that this product grew by 32 percent. I am talking about the per capita Gross National Product. The per capita Gross National Product of the Latin American countries, as a whole, since in some countries it was higher than in others, decreased by 8.9 percent. Cuba's grew by 32 percent and the product of Latin America as a whole decreased by 8.9 percent. The Latin American population grew by almost 10 percent and the per capita level decreased to the level of 1977. I am not going to talk about income, which has decreased more than the gross national product.

In 1984, our country created 112,000 new jobs. The income of the population grew by 771 million pesos, partly because of the new jobs and partly because of salary increases. Last year the country invested 4 billion pesos. This resulted in an increase in jobs in both productive and social activities. Each new hospital, each new school, and each new social installation produces jobs. Last year, in 1984, we had one doctor for each 486 citizens. This year, counting the medical students who are graduating this year -- more than 2,500 doctors, including 100 foreigners who will return to their countries, leaving us with 2,400, will receive their diplomas -- we will have one doctor for every 445 people.

There are more than 20,000 students in the school of medicine. This year approximately 5,700 new students will register in the schools of medicine and stomatology. So the situation is improving, considering the figures on social and educational development. Recently we graduated the first 2,700 students with a bachelors degree in primary school education. The day is not too far off when we will have primary school professors with a bachelor's degree working in all the provinces of the country. [applause]

The educational level continues to improve throughout the country, including Guantanamo. School stability and the quality of education continue to improve. This can no longer be measured on the basis of quantitative advances but on the basis of qualitative advances. This year the economic effort is going well. During the first semester, the economy grew by 4.8 percent. However, the most important aspect is that this growth has been achieved while spending 10 percent less fuel. The spending rate has been reduced. Last year we had already saved fuel, but this year we spent 10 percent less fuel and the economic growth was almost 5 percent. We had lower electricity, gasoline, and other fuel expenditures. The only thing that increased was residential expenditures. These expenditures grew by 5.6 percent during the first semester. An approximate growth of 4 percent had been planned. The efficiency of the economy has improved.

This is most important: the meetings, and the policy presented by the party at the end of 1984 to work with a long-term approach on structural problems, giving priority attention to every effort, to investments, making big savings efforts. We are seeing the fruits this year in spite of the fact that this year we have had to face adverse weather conditions. Despite the weather factors, sugar production was fulfilled 100 percent. The sugar production goal had been 8 million tons. However, a very strong drought is affecting the country. It seems that this drought is not only affecting our country but is also affecting the Dominican Republic, other Latin American countries, and European countries. It is a very, very strong drought. In the past years we had much rain during the sugarcane cutting season. However, this year we had no rain. This contributed to a good sugarcane cutting season, but it did decrease the amount of sugarcane. It made the cutting season easier and the sugarcane had a greater yield. However, this drought has affected the production of fruit, vegetables, tubers, and rice. We were hit by a pretty strong drought this year.

This calls for additional struggle and effort. How can we reduce, to a minimum the effects of this drought? How can we improve our efforts and struggle to prevent lower rice, produce, and sugarcane production? For many years now we have been developing important plans for water resources. These plans have been developing on a continuous basis, especially during the dry season. It is during the dry season that one becomes more aware of the importance of these activities. This has not been a disastrous drought like the one in Africa, but it is a strong drought.

However, we are sure that we can face this difficulty and decrease to a minimum its side effects. Despite this, the economic index and the efficiency of the economy have improved this year.

The situation in our country is good from the moral viewpoint, and it is excellent from the political viewpoint. The efforts we have exerted during the last years and the special effort we have exerted to fulfill the guidelines established last year have given us a great economic strength, stability, and security, and have also given us great strength in the defense sector. We have been working on our defense since these imperialists stubbornly tried to frighten us and since they threatened us. All they have achieved is to multiply our force and our revolutionary spirit; they have lashed out against our sting. [applause] Thanks to this, our country is in a condition to struggle united with the Latin American countries in this battle being waged against the tragedy being withstood by our peoples. The Third World, [corrects himself] the whole world, particularly the Third World, is struggling against a deep economic crisis. Latin Americans are facing one of the hardest phases in their history. This economic crisis is worse than that of the thirties, much worse because the population is three times larger and social problems have accumulated. We have heard about the tragedy and almost felt it as our own when listening to the women, labor leaders, and journalists, and when receiving all kinds of information concerning these countries economic and social situations.

Previously, I said that the gross domestic product per capita had plunged to the 1975 levels. However, that is not the problem. The level of life has decreased even more because this includes a debt of \$360 billion. If you add the payment of interests for that debt, it would total \$400 billion in 10 years. That is twenty times more than during the days of the much publicized alliance for progress which was considered necessary for the development of Latin American nations. Sixty billion pesos were stolen from Latin America in interests, capital drain, unequal exchange, and overvaluation of the dollar.

This continent is facing a terrible crisis; \$60 billion was squeezed from its sweat and blood to give to the rich capitalist countries for their own development and enjoyment. This is something that cannot possibly be conceived. This added to protectionist policies and dumping which multiply the looting of our natural resources and make our economic and social development difficult, has provoked this struggle, battle, and movement against Latin America's foreign debt. This was discussed during the Latin American workers meeting; it was also part of the women's and journalists discussions. This is uniting and awakening the Latin American, Caribbean, and Third World countries consciousness.

Some envious, superficial people in the world, particularly the imperialists and their satellites in Latin America, believe that we have raised this banner to gain prestige. Recently, we said that you cannot feed even a [word indistinct] with prestige. This would be equivalent to saying that despite all of the problems and adverse factors, the revolution, the struggle for the Moncada Barracks, and the struggle throughout these 26 years have been waged to gain prestige. Only politickers think about prestige; only the ambitious think about prestige; only the imperialists think about prestige because their prestige helps them to fool and exploit the people.

This struggle is consistent with our revolution's struggle. It is consistent with the topics we have been discussing for many years because there are some people who are so ignorant that they still do not know that a sixth summit was held here in 1979; they are so ignorant that they do not know how many years Cuba has been discussing this problem. They ignored our statements at the United Nations in 1979, in New Delhi, and at other events we mentioned to the labor leaders on the 18th. We could not care less about that.

This battle is becoming increasingly stronger and this is not only a battle for the ...[changes thought] to erase the debt from our minds, to annul the debt, or to abolish the debt just like that, categorically, clearly, and specifically. [applause; chanting of slogans] This is a battle for the new international economic order; this is a battle for Latin America's economic integration; and this battle is out of my hands. These banners are not carried by a particular person; they are in the hands of the workers, peasants, women, students, intellectuals, professionals, and the masses. [applause] These are really strong hands because this is a life or death struggle for our peoples; this is a decisive struggle for the peoples and the peoples will never betray themselves.

As you know, on 30 July we will begin a big international meeting at which practically all the social sectors and the main political forces of Latin America and the Caribbean will be represented. Of course, the imperialists have lost sleep. They cannot sleep just thinking about this rolling snowball, the erupting volcano, which this struggle is becoming. They are trying to sabotage the meeting. They tried to sabotage the laborer's meeting but failed. They are trying to pressure the timid, but with all these imperialist activities -- at times these activities are so dirty that even the airlines cooperate and try to sabotage tickets, delay delivery of a ticket, and create all sorts of difficulties -- they will not be able to prevent the meeting. However, the meeting is just a few days away; the biggest meeting of this kind to be held in our hemisphere. The biggest [applause] the most pluralistic, and the most democratic meeting.

Imperialism was saying that this would be a summit meeting. No it will be no such thing. However, the quality of the meeting will make it a summit meeting. It will be a summit meeting because of the people who will attend it but not because of a political hierarchy. We recently told Latin American labor union representatives: We are not members of the OAS, therefore, how can we even suggest a summit meeting? We had a large summit meeting here. It was a large summit meeting attended by more than 60 heads of state and government. This meeting was held in 1979. In my judgment, an administrative hierarchy summit does not compare to a meeting such as the one we will hold. The workers, women, students, peasants, professionals, church, [applause] and all the leftist parties of Latin America will attend this meeting. Centrist and even conservative parties will be represented. If anyone was excluded from this meeting it was because he wanted to be excluded and not because we excluded him. [applause] We will also have representatives from the different Evangelist and Catholic Churches; we have not only invited the Latin American religious groups, but we have also invited some clergymen from the churches here in Cuba. We have not only preached the broadness of this meeting abroad, but we have also extended invitations to prominent personalities in our country because this hour is an hour of unity. [applause]

At this meeting we will hear the opinions of the most brilliant and patriotic men of Latin America. Scientists, academicians, economists, intellectuals, and former militarymen, who have a patriotic awareness in Latin America. It will be a very broad meeting, and I repeat, the most broad, pluralistic, and democratic meeting at which everyone will be absolutely free to express his views. A meeting at which all topics may be brought up, as was done at the women's meeting and at the meetings of the union representatives and journalists. I am speaking of democracy, and we will see democracy in action, Latin American democracy in action, pluralism in action, broadness in action, and democracy in action. [applause] This is the kind of meeting we will have. We are not frightened by the truth. Only the reactionaries, imperialism and its allies can be frightened by the truth.

This continental dialogue will have the most ample coverage and I hope that our people will follow it as closely as it followed the recent international meetings. Many of the union delegates who are present here today will be present at the meeting. [applause] Tens of women who, on behalf of Latin America, portrayed a brilliant role in Nairobi will also be present at the meeting. [applause]

Nothing and no one will be able to stop this struggle based on principles, on the need for survival of our peoples, without a shadow of vanity or of the ridiculous search for prestige or relations. Who ever said that we had an obsession for relations? How many years we spent here alone, isolated, after the imperialism imposed a break in relations. The sole exception was Mexico. However, we always had relations with the peoples, workers, students, and women of Latin America. We have always had relations with the Latin American peoples and today, those relations are better than ever. [applause]

We do not reject relations with governments. On the contrary, we accept these relations if they do not dishonor us. There are some relations that bring dishonor and this type of relations we do not want. We are not against normal relations with normal countries with normal governments. On the contrary, we appreciate those relations and develop them as much as possible without allowing these to obsess us. Imperialism lives with this obsession. Imperialism has this madness, mania, strange thing, in its head that whenever a country wishes to establish relations with us they begin to tremble. It would seem that the world is coming to an end just because a small country wishes to have relations with us. [applause] These obsessions are of madmen and imperialism, which have every reason for being crazy. This is part of the system's old age; this is part of the system's structural and nervous attrition. This is why they lose sleep.

We have never lost sleep. We have seen 26 years of revolutionary struggle, and I modestly feel that there is merit in this. We have resisted the empire's threats, pressures, political power, and economic blockade for the past 26 years and we have advanced victoriously. This credit is not due exclusively to our people. We owe very much to international solidarity and cooperation, but we have not disappointed this cooperation or solidarity. [applause] We have turned it into creative works, advances, progress of our homeland and people, and we have firmly resisted, always willing to pay the necessary price. This historic merit was not the objective of our struggle. No one fought for glory and honors. We fought for a cause, for principles, for feelings of solidarity with our people and all the peoples of the world. [applause]

The days of the personages who struggled for glory and vanity are long gone. We struggle for profound revolutionary ideals that are beyond the notions of prestige and glory. We have never forgotten what Marti once said. It was one of the first things I read from Marti. It was also one of the things that I have most retained. He said that all the world's glory can fit in one grain of corn.

However, the glory, the honor, the merit that our people have earned in the world cannot be taken away by anyone or anything.

This is my answer to those who are being silly, to those who say that this is not a suitable place for discussing this issue. What would be a more suitable place I ask, since there is this objection. I say that all the places are good and that the problem can be discussed anywhere in Latin America, but what I cannot stand is someone who is foolish and arrogant enough to pretend that our people do not have the right to host a discussion on this idea. [lengthy applause]

We are discussing this not because we are looking for awards, prestige, or relations. We would have gladly supported with enthusiasm any country promoting this, but no one did. No one spoke about this. We have been speaking about this problem for some time already.

Of course this position has more weight now because the crisis is at its peak. The situation is dramatic and terrible. This is what produces fear in the midst of imperialism. It produces jealousy, envy, and concern among mediocre people. The moment they firmly defend these ideas, you can be sure I will be the first one to support and applaud them. However, in the meantime I laugh at ridiculous jealousy and vanity. I also feel pity for those who, faced with critical situations such as this one, act cowardly. [applause]

I believe that I have spoken an adequate length of time. I wonder if there is something I have forgotten to say. Perhaps there are three details that I did not mention when I spoke about Guantanamo. We have here three big adversaries, three big enemies, excluding the neighbors. There is the social problem and the problem of nature. In the social aspect, there is the problem of a tendency to leave the mountains en masse because of the opportunities in the city. Here and in other eastern provinces there is a tendency to emigrate from the mountains where we have important jungles, forestry, and coffee and cacao production. We have made great efforts to create the right conditions, communications, and better life conditions to keep the people in the mountains.

In the past, the people sought refuge in the mountains where they could have a plot of land. With the revolution, there is a tendency to leave the mountains. This means that we have to multiply our efforts to pay attention to and improve life in the mountains.

This is very important because the country depends on the mountains for products that are fundamental for our country. The second element is nature. I have mentioned the drought. This is one of the driest regions of the country. Science has a challenge here. What to do to use the water resources, especially the rivers from the mountains? How can we best use those rivers? What irrigation methods will permit a better utilization of the water? We cannot have the same mentality here that would be suitable in the Cauca valley or in Havana Province. Here we need special techniques for utilizing and saving water, for planting trees. We have to look for all the technical ways of fighting this growing drought problem. We have to be able to use every drop of water, we have to dam it.

Wherever we cannot use the water for irrigation, we could use it for electricity, as is done with the Toa River. If possible, in limited areas, the water could also be used for breeding fish. In other areas it could be used for agriculture, even if only to a limited extent. A scientific effort is required.

We have a third problem: There is a growing presence of salt in the soil of the Guantanamo region because of the nature of this soil, because of the minerals in some water resources, and because of the growing presence of salt in the region's earth surface. The fact is, areas are being lost to the growing salt problem. This is another scientific challenge. Efforts are being made. There are research and experiments going on, but we have to speed up this process. So, in addition to imperialism and the neighbors, we have here three challenges: One is social, the exodus from the mountains; and there are the drought and the growing salt presence.

I would have left unsatisfied had I forgotten to mention this and to appeal not only to the people of Guantanamo but to all technicians in the country to think about this problem and cooperate in the struggle, because the problem is here in Guantanamo Province. This reveals once again that life has given this province conditions that have forced these people to be always an aware, combative, and struggling people.

Nature influences the people. This challenge imposed on us by nature will surely make us stronger. We will continue struggling against social factors that represent obstacles to our development. In commemorating this 32d anniversary in this province, our visitors, our guests, can see, I believe, a model of what we think should be done for the Third World.

Bayamo is evidence that the struggle against the problems of poverty and underdevelopment can succeed. The extraordinary economic and social achievement that we have in this province, which was, I repeat, a Third World within a Third World country, reveals that mankind can face all calamities that it is enduring. It can face the hundreds of millions of hungry people, of illiterates, the growing number of people without jobs, without medical assistance. It has been pointed out that there are more than 100 million people who are either unemployed or underemployed in Latin America alone. This region proves that there are solutions, if crazy things such as the arms race, war, the war of the galaxies, and things like that are set aside. Today \$1 trillion is invested yearly in military expenditures, while hundreds of millions of people go hungry and are ignorant. Often, billions of people lack the most basic means of life.

If these resources were invested for peace and development then the Third World would someday show, and witness, the achievements we have witnessed here today in this Guantanamo Province. [applause] What we want for the Third World is what our homeland has done for this province and other provinces in this country. Fatherland or death, we will win! [applause]